



# FY 2022 | FOURTH QUARTER AND FISCAL YEAR END RESULTS



**MATRIX SERVICE  
COMPANY**

Move to a higher standard<sup>SM</sup>

# 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.



# INTRODUCTORY REMARKS

# CEO COMMENTARY

# KEY MACRO DRIVERS TO OUR MARKETS

## GLOBAL ENERGY SECURITY

- Crude oil
- Refined products
- Natural Gas and Gas Liquids

## DEMAND FOR OTHER COMMODITIES

- Metals, Mining and Minerals Investment
- Batteries, infrastructure, etc.

## DOMESTIC ENERGY SUPPLY ASSURANCE

- LNG Storage and Peak Shaving
- Aging and Secure Electrical Infrastructure

## SUPPLY CHAIN SECURITY

- North American Industrial Renaissance Investment

## CLEAN ENERGY TRANSITION

- Hydrogen, Ammonia
- Natural Gas
- Carbon Capture
- Electrification of Everything

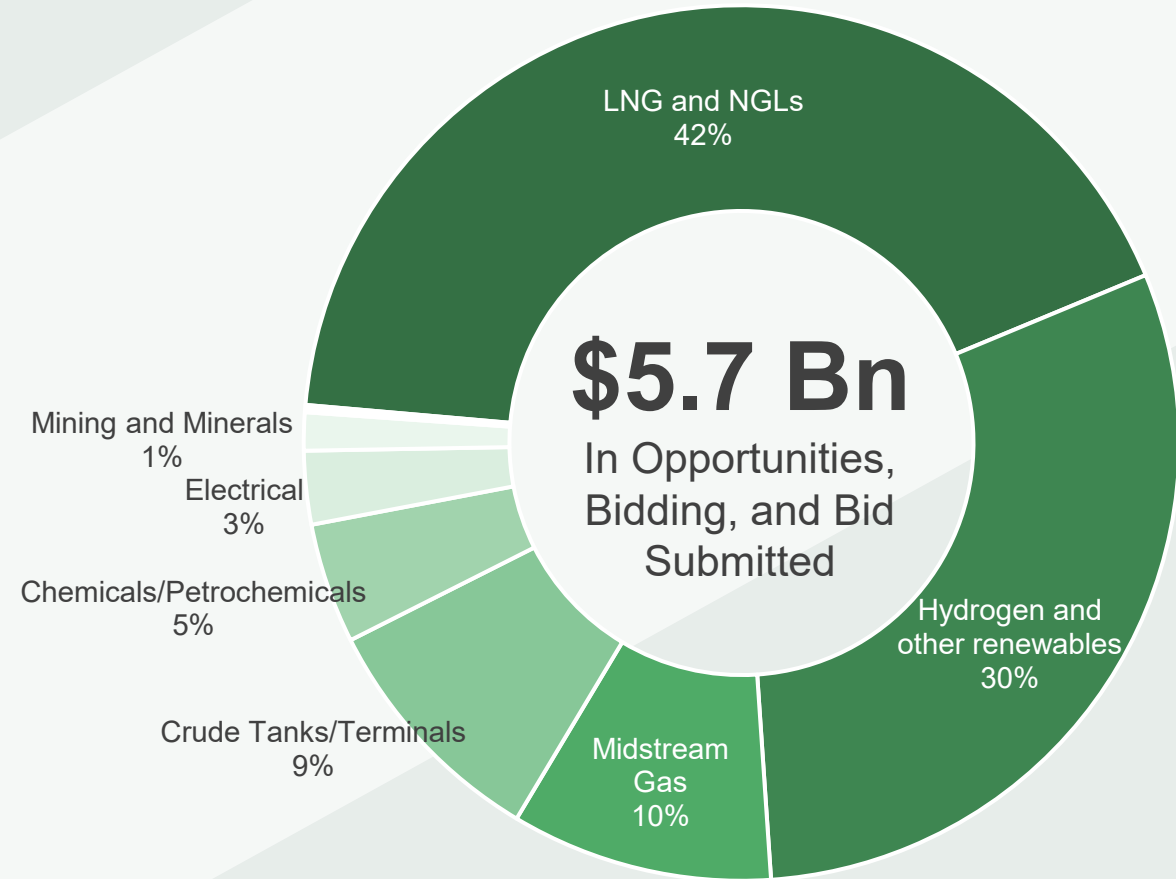
## FEDERAL INFRASTRUCTURE INVESTMENT

- Resilient, clean, 21<sup>st</sup> century electric grid
- Airports including fueling and sustainable aviation fuel investments
- Bridge repair, replacement, and electrification which impact Copper and Lithium
- Wastewater treatment that will require digesters and aluminum covers

# CAPITAL PROJECTS OPPORTUNITY PIPELINE

**Pipeline supports transition to cleaner fuels, especially in LNG and NGLs, Mid-Stream Gas, and Hydrogen and other renewables**

The largest opportunities in the opportunity pipeline are in **Storage and Terminal Solutions**, with many individual project values greater than **\$75 million** and expected significant improvement in book-to-bill in the near term



Project Opportunity Pipeline data is as of June 30, 2022, for projects of \$5 million or greater and does not include small capital projects or maintenance and repair.

# CORE EXPERTISE AND SERVICES

## BUILDING LONG-TERM CLIENT AND INDUSTRY RELATIONSHIPS

### EXPERTISE

- Leading storage solutions contractor
- Long-standing expertise in cryogenics
- Leading expertise in specialty storage vessels and terminals
- Strong brand in power distribution and power generation
- Significant operational bench strength across the energy and industrial markets

### SERVICES

- FEL and FEED
- Turnkey EPC Solutions
- Engineering and Detail Design
- Construction
- Global Procurement and Supply Chain
- Fabrication
- Turnaround and Plant Services
- Inspection, Maintenance and Repair

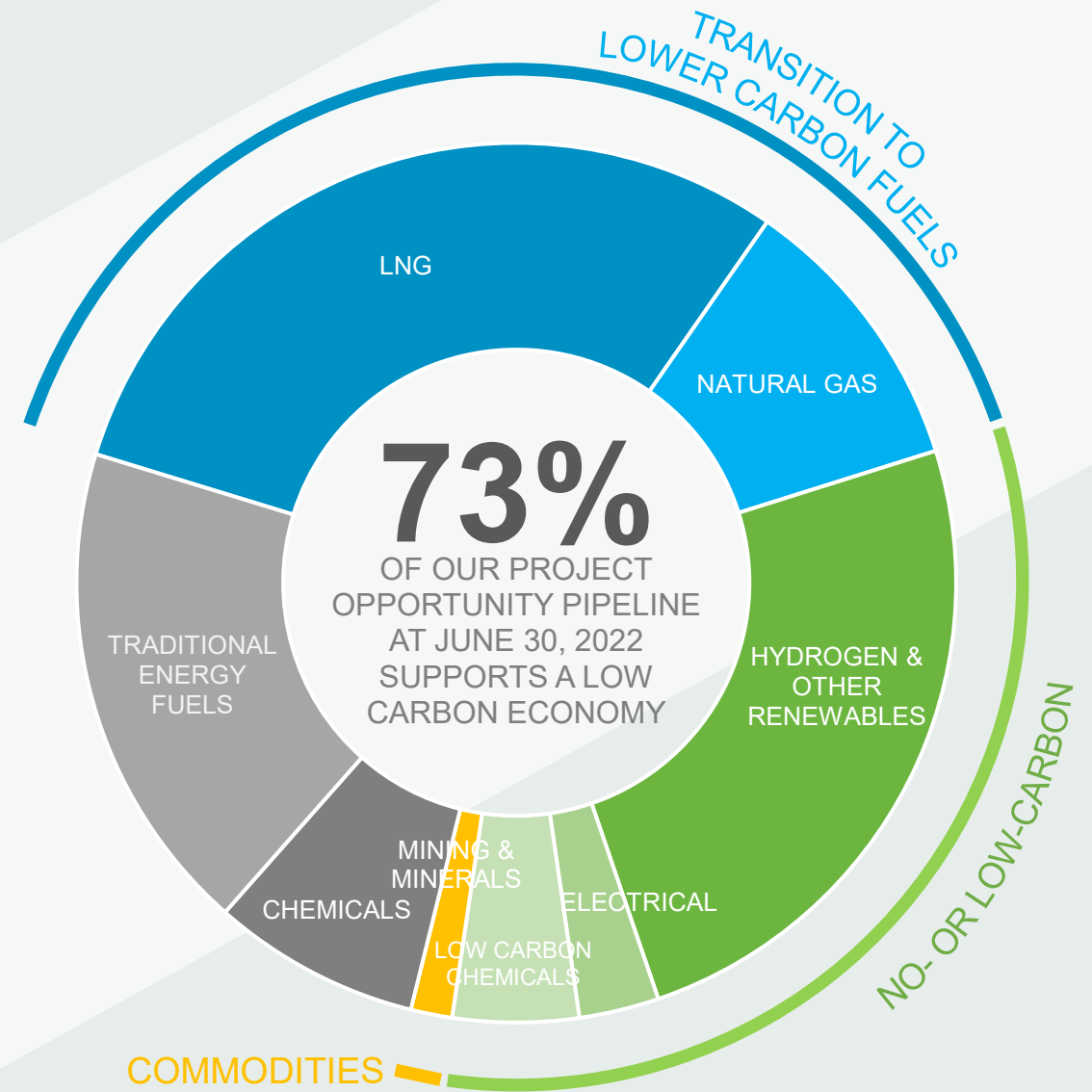
### KEY INDUSTRY RELATIONSHIPS



# TRANSITIONING TO A LOW CARBON ECONOMY

Enterprise-wide, our **skills and expertise are transferable** as the world and our clients transition to a low carbon economy

The engineering disciplines and world-class construction crews that established our leading brand in crude storage, as well as our strategic shift to specialty vessels, **positions Matrix to lead development of infrastructure for a low carbon economy**





# THE ENERGY TRANSITION

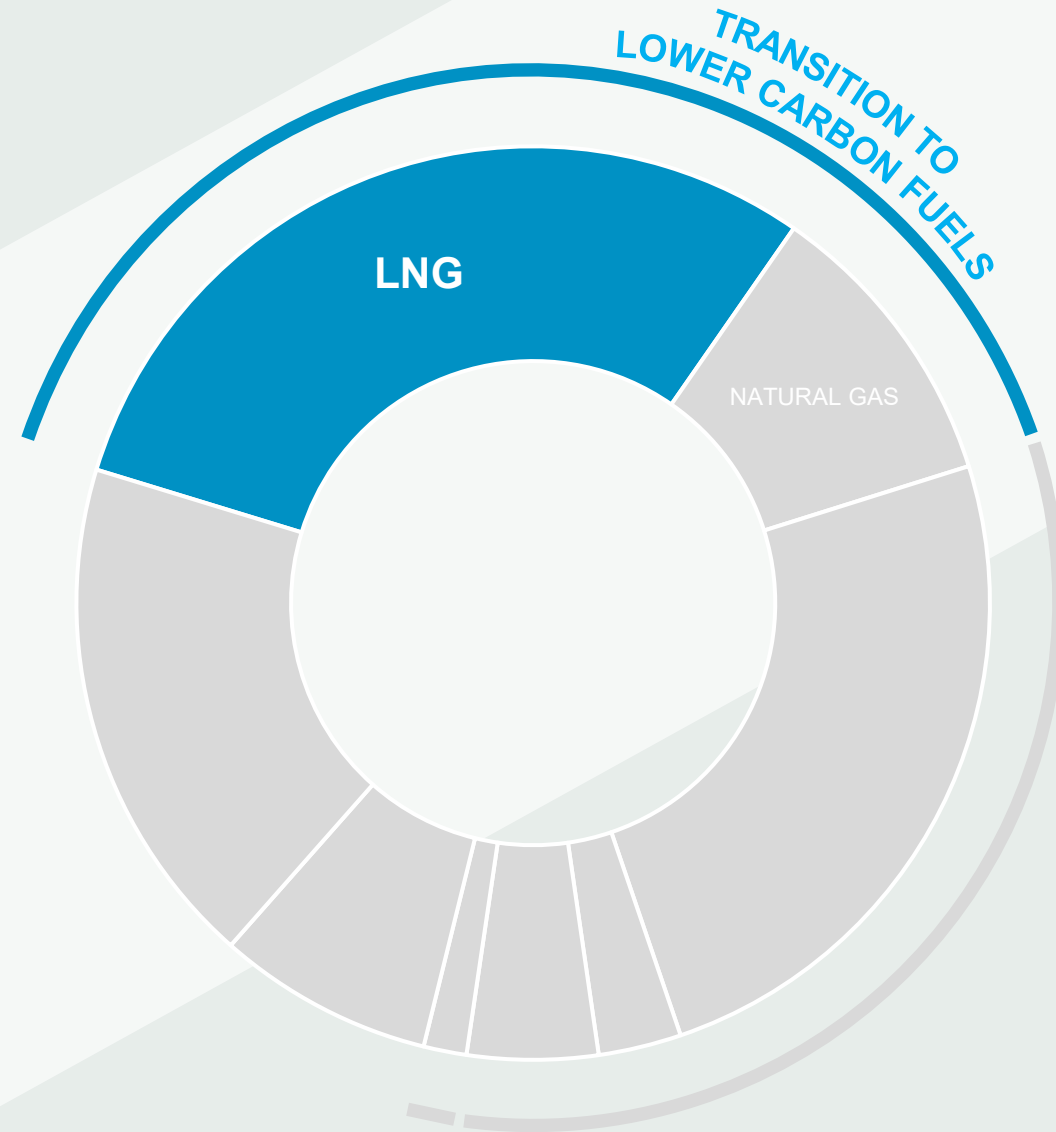
## LIQUID NATURAL GAS (LNG)

Enterprise-wide, our **skills and expertise are transferable** as the world and our clients transition to a low carbon economy

### KEY CLIENTS



**LNG and natural gas are vital fuels as we transition to a low carbon economy**



# THE ENERGY TRANSITION

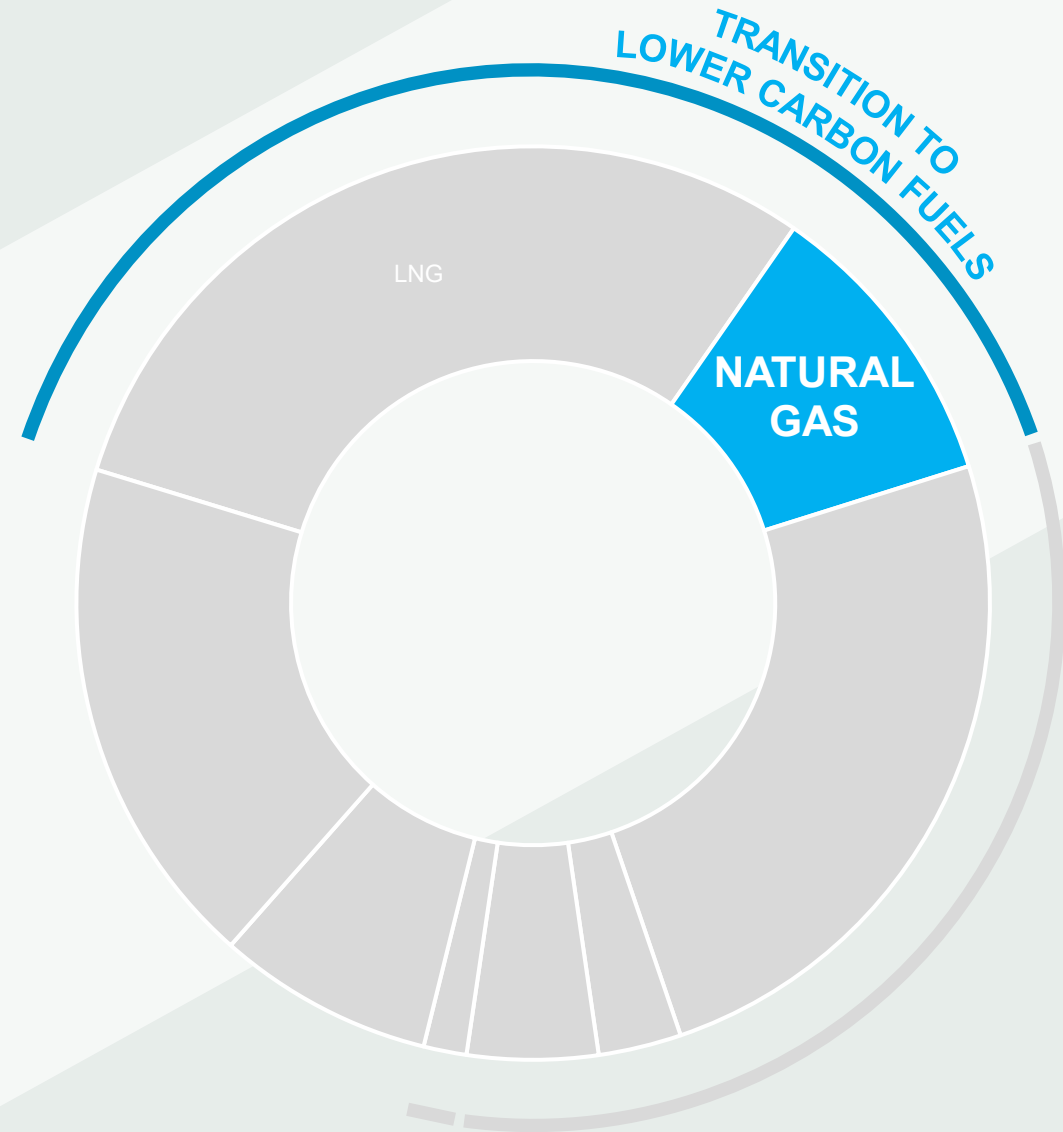
## NATURAL GAS

Enterprise-wide, our **skills and expertise are transferable** as the world and our clients transition to a low carbon economy

### KEY CLIENTS



**LNG and natural gas are vital fuels as we transition to a low carbon economy**



# NO OR LOW CARBON ENERGY

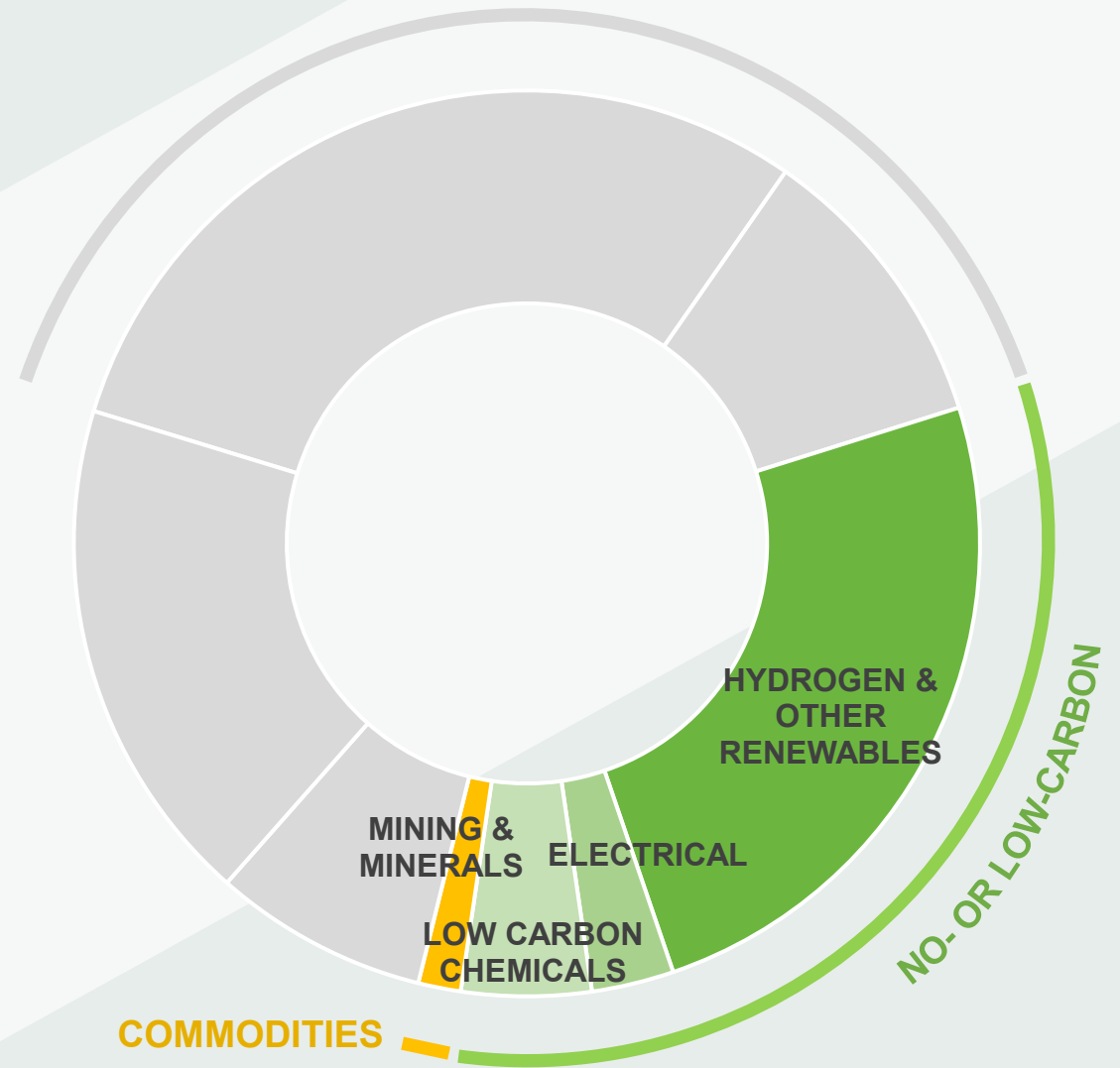
HYDROGEN, ELECTRICAL, LOW CARBON CHEMICALS, COMMODITIES

Enterprise-wide, our **skills and expertise are transferable** as the world and our clients transition to a low carbon economy

## KEY CLIENTS



Increasing and significant opportunities exist for infrastructure that supports no or low carbon application



# SUPPORTING INDUSTRIES

AEROSPACE / THERMAL VACUUM CHAMBERS

Enterprise-wide, our **skills and expertise are transferable** as the world and our clients transition to a low carbon economy

## KEY CLIENTS



**Opportunities are being driven by satellite use to monitor effects of climate change, increased demand for data communications, and aging space-based communication infrastructure.**

Our leadership position is supported by extensive expertise in:

- **Specialty vessels,**
- **Cryogenics,** and
- **Steel plate structures**

And is reinforced through our relationship with **key technology provider, Dynavac.**

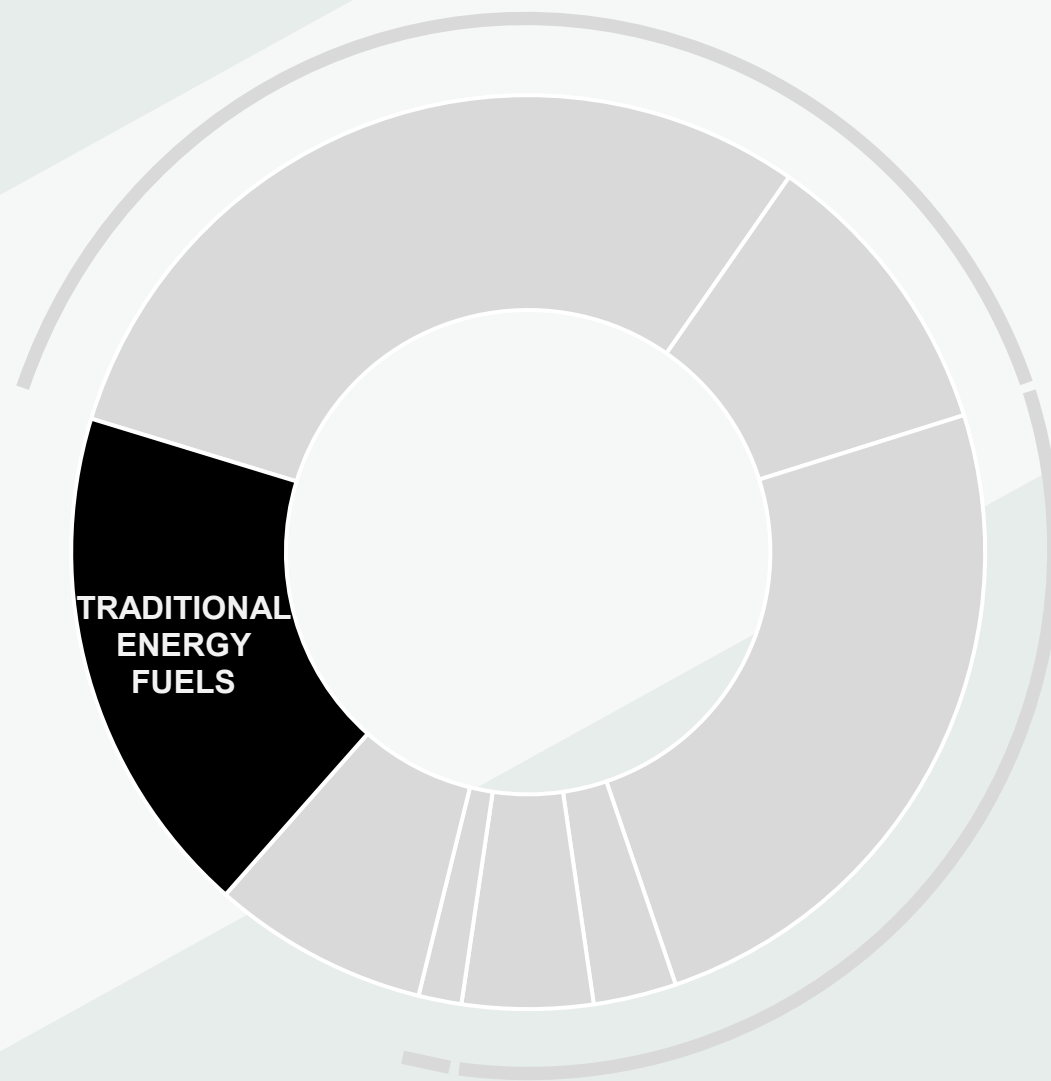


# TRADITIONAL ENERGY

Enterprise-wide, our **skills and expertise are transferable** as the world and our clients transition to a low carbon economy

- Growing export demand is driving increased opportunities for infrastructure supporting NGLs, propane and butane
- North American refineries are also making new investments to meet increasing demand for alternative fuels.

## KEY CLIENTS



# HIGHLIGHTS FOR THE QUARTER

1

## Continued Momentum in Project Awards

- Fourth consecutive quarter with a book-to-bill 1.0 or higher
- FY 2022 YTD awards 85% higher than FY 2021

2

## Momentum Driven by Market Recovery and More Focused Approach

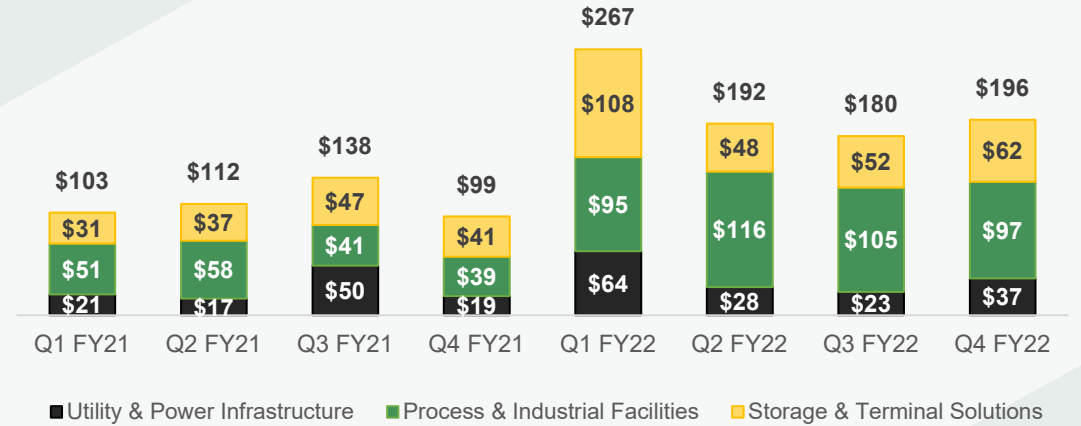
- Return of client confidence and normalization of environment
- Centralization of BD organization with a more focused and total solutions approach

3

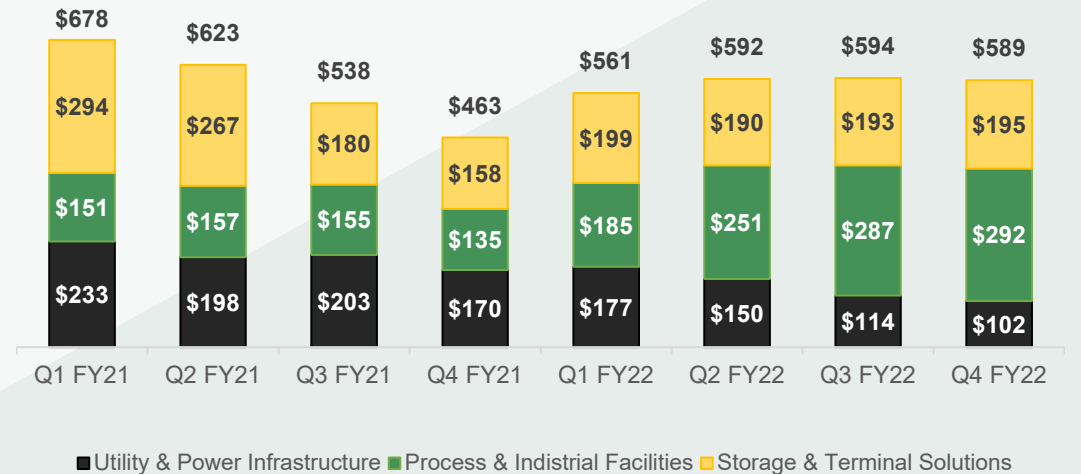
## Backlog of \$589 million as of 6/30/2022

- Expect significant growth backlog through the remainder calendar 2022 based upon the status of specific projects included in our funnel

## Project Awards (\$ millions)



## Ending Backlog (\$ millions)



# CONSOLIDATED

	Q3 FY 2022	Q4 FY 2022
Revenue	\$177,003	\$200,719
Gross Profit (Loss)	(1,763)	858
Gross Profit %	(1.0%)	0.4%
SG&A	17,041	18,098
Restructuring Costs	(1,578)	924
Goodwill Impairment	18,312	-
Operating Income (Loss)	(35,538)	(18,164)
Adjusted Operating Income (Loss) <sup>1</sup>	(18,804)	(17,240)
Other	677	31,898
Net Income (Loss)	(34,899)	13,456
Adjusted Net Income (Loss) <sup>1</sup>	(13,405)	(13,838)
EPS	(1.30)	0.50
Adjusted EPS <sup>1</sup>	(0.50)	(0.52)
Adjusted EBITDA <sup>1</sup>	(12,304)	(11,962)

<sup>1</sup>Represents non-GAAP measures; a reconciliation is provided in the Appendix



## KEY POINTS

- Revenue increase 13% over 3<sup>rd</sup> quarter and is up 24% over the 2<sup>nd</sup> quarter
  - Increased maintenance and reimbursable work
  - Early construction on previously delayed construction projects
- Gross margins in the quarter impacted by:
  - Under recovery of construction overhead costs which negatively impacted gross margins by over 300 basis points
  - Lower than forecasted margins on projects nearing completion in the Process and Industrial Facilities and Utility and Power Infrastructure segments
  - Margins impacted by competitive environment
- \$32 million gain on the sale of facilities
- Bottom line results were an EPS of \$0.50 and adjusted EPS loss of \$0.52, which excludes:
  - \$0.03 impact related to restructuring charges
  - \$0.90 impact related to gain on sale of facilities, net of tax
  - \$0.08 impact of non-cash valuation allowance related to deferred tax assets

# 2023 OUTLOOK

## TOP ISSUES IN FY 2022

- Competitive environment has resulted in temporary reduction of margin opportunity
- Under recovered overheads due to low revenue volume
- Project forecast changes on projects bid in an overly competitive environment

## FY 2023 OUTLOOK

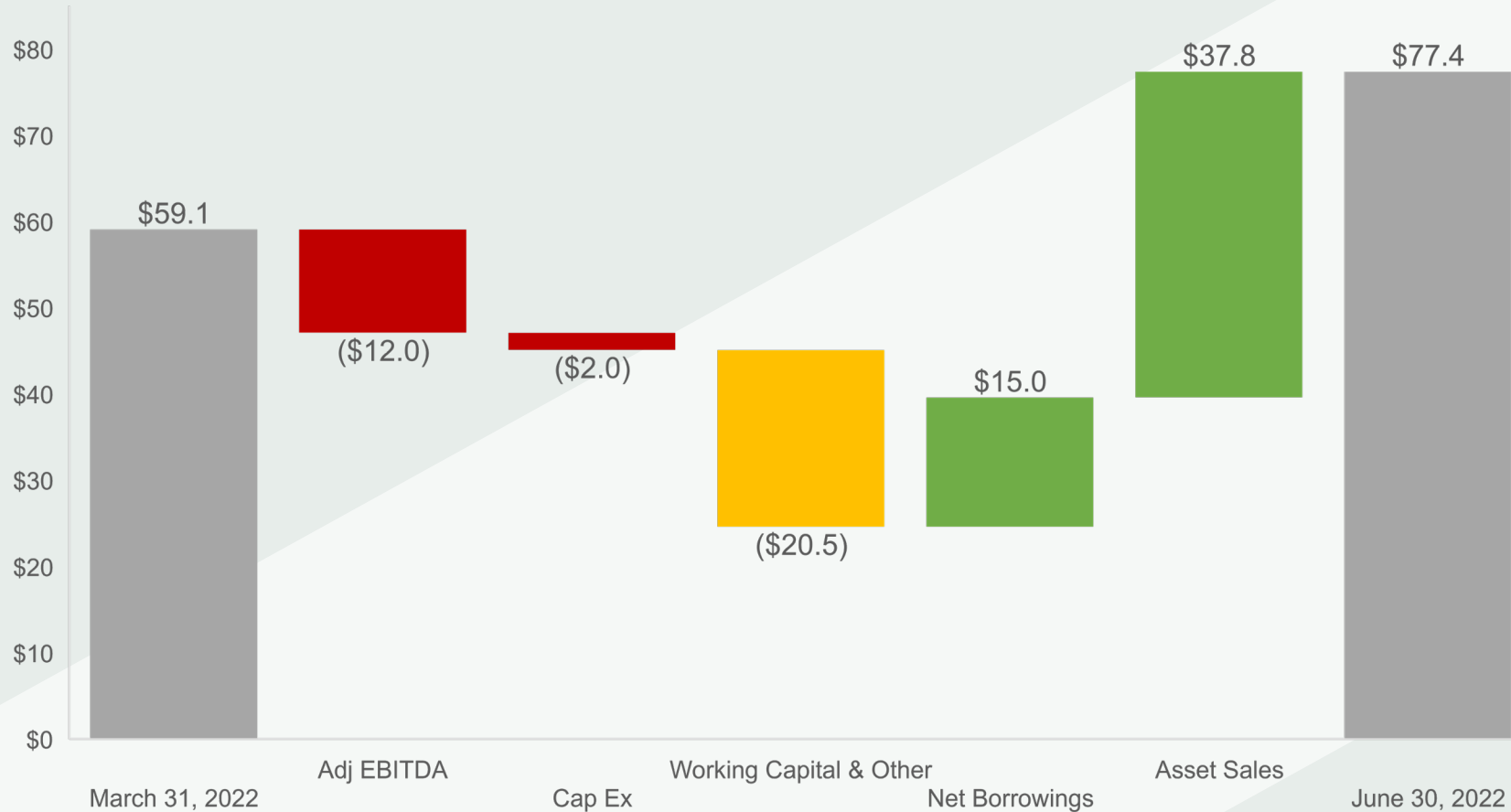
- Volume and size of project opportunities is improving in all three segments. The mix of work is also expected to improve as larger capital projects begin to impact revenue volume.
- The Company has significantly reduced the overhead cost structure but has maintained the infrastructure to execute the expected growing revenue volume. Quarterly revenue has increased 24% over the last 2 quarters. Projects awards were up 85% in FY 2022 and the outlook for continued backlog growth in FY 2023 is high. This should bolster quarterly revenue and overhead utilization as we move through FY 2023.
- These projects are completed or near completion, so risk in FY 2023 has diminished.



# CASH FLOW

The company's liquidity is sufficient to support our operating needs

Q4 FY 2022 Cash Bridge  
(in millions)



## KEY POINTS

### Cash Flow

- Ended Q4 FY 2022 with cash of \$77 million and \$15 million of borrowings
- The \$18 million cash increase in the quarter resulted from asset sales and borrowings partially offset by investment in working capital and the adjusted EBITDA loss

### Liquidity

- ABL credit facility borrowing base increased to from \$77 million to \$81 million
  - Utilized \$23 million for letters of credit
  - Credit facility availability of \$43 million
- Liquidity of \$95 million, excluding \$25 million of restricted cash



# SUMMARY

# Appendix

# CONSOLIDATED – Quarter and Year Comparison to Prior Year

	Q4 FY 2022	Q4 FY2021	FY 2022	FY 2021
Revenue	\$200,719	\$174,899	\$707,780	\$673,398
Gross Profit (Loss)	858	1,542	(1,206)	32,765
Gross Profit %	0.4%	0.9%	(0.2%)	4.9%
SG&A	18,098	17,725	67,690	69,756
Restructuring Costs	924	171	646	67,756
Goodwill Impairment	-	-	18,312	-
Operating Income (Loss)	(18,164)	(16,354)	(87,854)	(43,747)
Other	31,898	68	32,432	1,917
Net Income (Loss)	13,456	(16,760)	(58,283)	(43,263)
Adjusted Net Income (Loss) <sup>1</sup>	(13,838)	(10,596)	(53,409)	(26,207)
EPS	\$ 0.50	\$ (0.40)	\$ (2.39)	\$ (1.18)
Adjusted EPS <sup>1</sup>	\$ (0.52)	\$ (0.40)	\$ (2.00)	\$ (0.99)
Adjusted EBITDA <sup>1</sup>	(11,962)	(10,123)	(45,635)	(8,934)

<sup>1</sup>Represents non-GAAP measures; a reconciliation is provided in the Appendix

# ADJUSTED EBITDA

	THREE MONTHS ENDED		THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	March 31, 2022	March 31, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net Income (Loss), as reported	\$ (34,899)	\$ (12,873)	\$ 13,456	\$ (10,723)	\$ (63,900)	\$ (31,224)
Gain on sale of facilities	—	—	(32,392)	—	(32,292)	—
Restructuring Costs	(1,578)	1,860	924	171	646	6,756
Goodwill Impairment	18,312	—	—	—	18,312	—
Stock-Based Compensation	2,088	2,214	2,054	1,743	7,877	8,156
Interest Expense	204	322	246	504	2,951	1,559
Provision (Benefit) for Income Taxes	(147)	(5,060)	53	(6,037)	5,617	(12,039)
Depreciation and Amortization	3,716	4,352	3,697	4,219	15,254	17,858
Adjusted EBITDA	\$ (12,304)	\$ (9,185)	\$ (11,962)	\$ (10,123)	\$ (45,635)	\$ (8,934)

# RECONCILIATION OF CERTAIN NON-GAAP MEASURES

	THREE MONTHS ENDED		THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	March 31, 2022	March 31, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net Income (Loss), as reported	\$ (34,899)	\$ (12,873)	\$ 13,456	\$ (10,723)	\$ (63,900)	\$ (31,224)
Restructuring Costs	(1,578)	1,860	924	171	646	6,756
Goodwill Impairment	18,312	—	—	—	18,312	—
Gain on sale of facilities	—	—	(32,392)	—	(32,392)	—
Accelerated amortization of deferred debt amendment fees	—	—	—	—	1,518	—
Deferred tax asset valuation allowance	7,671	—	(3,926)	—	17,943	—
Tax impact of adjustments	(2,911)	(479)	8,100	(44)	4,464	(1,739)
Adjusted net loss	\$ (13,405)	\$ (11,492)	\$ (13,838)	\$ (10,596)	\$ (53,409)	\$ (26,207)
Earnings (Loss) per fully diluted share	\$ (1.30)	\$ (0.49)	\$ 0.50	\$ (0.40)	\$ (2.39)	\$ (1.18)
Adjusted loss per fully diluted share	\$ (0.50)	\$ (0.43)	\$ (0.52)	\$ (0.40)	\$ (2.00)	\$ (0.99)

# RECONCILIATION OF CERTAIN NON-GAAP MEASURES

THREE MONTHS ENDED MARCH 31, 2022					
	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Corporate	Total
Total Operating Loss	\$ (6,061)	\$ (10,495)	\$ (11,740)	\$ (7,242)	\$ (35,538)
Restructuring Costs	—	(1,589)	11	—	(1,578)
Goodwill Impairment	2,659	8,445	7,208	—	18,312
Adjusted Operating Loss	\$ (3,402)	\$ (3,639)	\$ (4,521)	\$ (7,242)	\$ (18,804)

THREE MONTHS ENDED JUNE 30, 2022					
	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Corporate	Total
Total Operating Loss	\$ (4,200)	\$ (1,175)	\$ (3,993)	\$ (8,796)	\$ (18,164)
Restructuring Costs	41	28	37	818	924
Adjusted Operating Loss	\$ (4,159)	\$ (1,147)	\$ (3,956)	\$ (7,978)	\$ (17,240)

FISCAL YEAR ENDED JUNE 30, 2022					
	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Corporate	Total
Total Operating Loss	\$ (23,103)	\$ (10,103)	\$ (24,352)	\$ (30,296)	\$ (87,854)
Restructuring Costs	87	(1,578)	122	2,015	646
Goodwill Impairment	2,659	8,445	7,208	—	18,312
Adjusted Operating Loss	\$ (20,357)	\$ (3,236)	\$ (17,022)	\$ (28,281)	\$ (68,896)