



Fiscal 2020

First Quarter Ended  
September 30, 2019



**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.



# Environment, Social and Governance

# Welcome and Introductory Remarks



# LEVERAGING OUR BRAND FROM TANKS TO TERMINALS

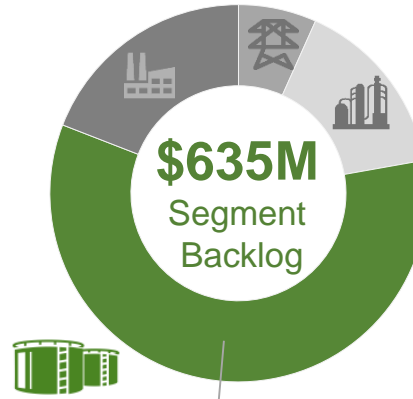
## Building opportunity pipeline in LNG and crude infrastructure

### Recent developments

- Generated revenue of \$150.1 million in FY20 Q1 and \$143.5 million in awards
- Began work on Duke Energy's Piedmont Natural Gas LNG Peak Shaving facility
- Pursuing \$4+ billion in real and active opportunities across the segment

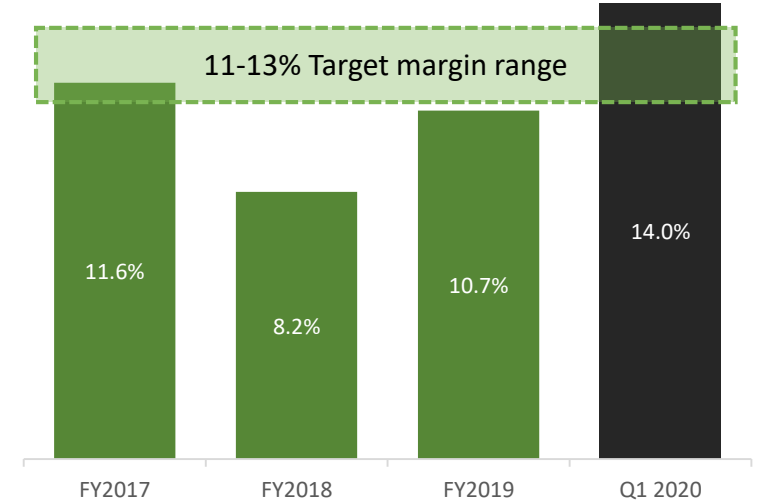
### Primary market drivers

- Need for terminals to support abundant North American crude oil, LNG and NGLs
- Global demand for export capabilities and related energy infrastructure
- Need for mid-size LNG terminals to support peak shaving, bunkering, and power generation in off-grid and remote locations



**58.7%**  
of ~\$1.1B total backlog

**1.0x**  
Book-to-bill ratio  
in FY20 Q1



Draw on our full EPC and terminal capabilities to accelerate growth

Take advantage of our strong expertise in LNG

Leverage business stability in the market



Industrial

# MAINTAINING LEADING POSITION IN CYCLICAL INDUSTRIES


## Dominant market share in iron and steel

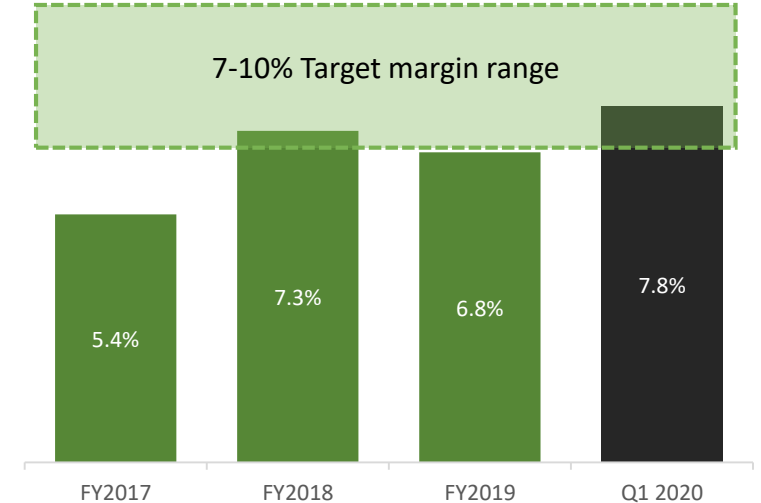
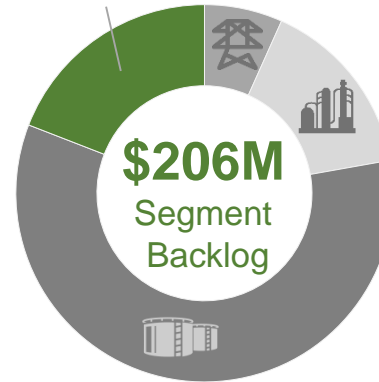
### Recent developments

- Generated revenue of \$99.0 million in FY20 Q1 and \$56.7 million in awards
- Nearing completion of large-scale capital project
- Continued aerospace industry investment in Thermal Vacuum Chambers to support next generation satellite testing

### Primary market drivers

- Continued investment by North America's integrated iron and steel companies in advanced high-strength steel, operating efficiencies and other next-generation processes
- Commodity pricing for ferrous and non-ferrous metals
- Overall supply and demand for grain, cement, global fertilizer and other bulk materials

 19.1% of ~\$1.1B total backlog



# 0.6x

Book-to-bill ratio  
in FY20 Q1



Offer industry-leading solutions to integrated iron and steel customers

Maintain strong customer relationships with our customers to ensure we are positioned to meet their needs



Oil, Gas & Chemical

# EXPANDING MARKET SHARE WITH NEW AND EXISTING CLIENTS

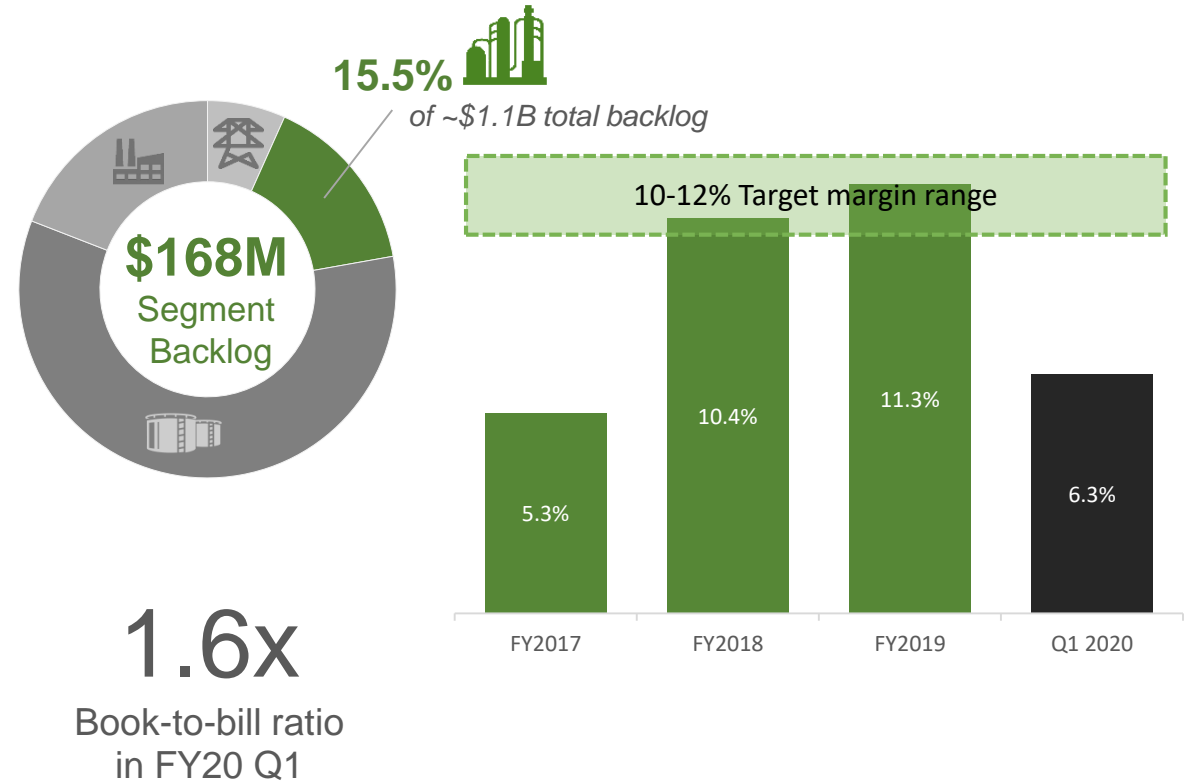
## Quality performance is building the brand

### Recent developments

- Generated revenue of \$57.5 million in FY20 Q1 and \$91.2 million in awards
- Expected seasonal low volumes in FY20 Q1; fall refinery turnaround season is fully booked and capital project activity is ramping up
- Multiple capital projects ongoing, incl. first alkylation unit in the U.S. to use ionic liquids and multiple sulfur processing and handling projects

### Primary market drivers

- Ongoing need for refinery maintenance, turnarounds, and capital projects
- Abundant North American energy and global demand for environmentally friendly energy, including IMO2020, drives need for infrastructure
- Reshoring of petrochemical industry is driving additional need for upgrades as well as ongoing maintenance and repair



ExxonMobil



ConocoPhillips



HOLLYFRONTIER



Monroe Energy



Expanding our reach into natural gas processing for NGLs

Extend expertise to the petrochemical market

Build on refinery turnaround expertise with more fixed base maintenance opportunities



# OPERATING IMPROVEMENT PLAN ONGOING

## Focused on geographic growth and margin improvement

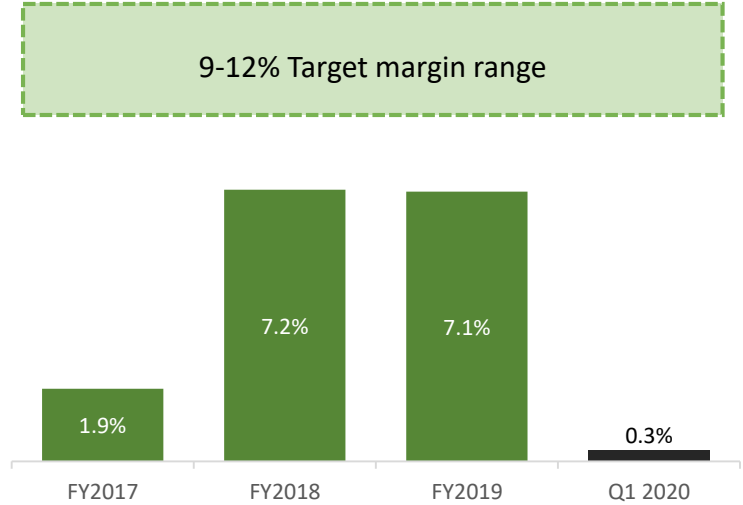
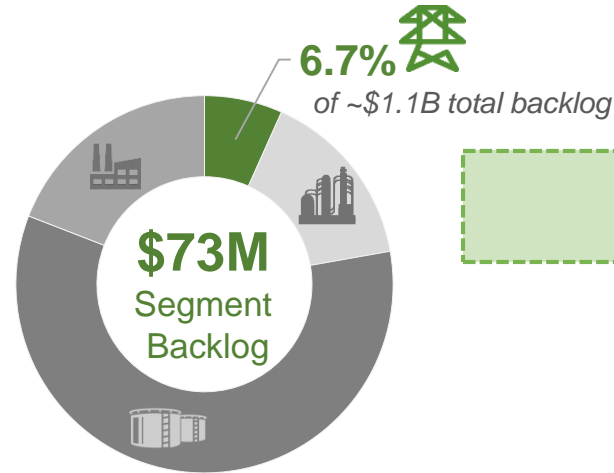
Electrical Infrastructure

### Recent developments

- Generated revenue of \$31.5 million in FY20 Q1 and \$30.3 million in awards
- Power generation strategic shift to subcontract service packages has proven successful
- Power delivery impacted by low seasonal volumes, cost associated with organic growth, continued geographic restrictions, and operating improvement initiatives not yet fully implemented

### Primary market drivers

- Majority of North America's electrical grid is past its useful life
- Need for more reliable, efficient, secure and interconnected distribution infrastructure
- Demand for environmentally friendly power generation and fuel switching from coal and nuclear to natural gas



**1.0x**  
Book-to-bill ratio  
in FY20 Q1

EVERSOURCE

Exelon

ppl

PSEG

AMERICAN ELECTRIC POWER

nationalgrid

MATRIX SERVICE COMPANY

Organic and acquisitive growth in new geographies

Focus on operating improvements in power delivery



# CREATING SUSTAINABLE SHAREHOLDER VALUE

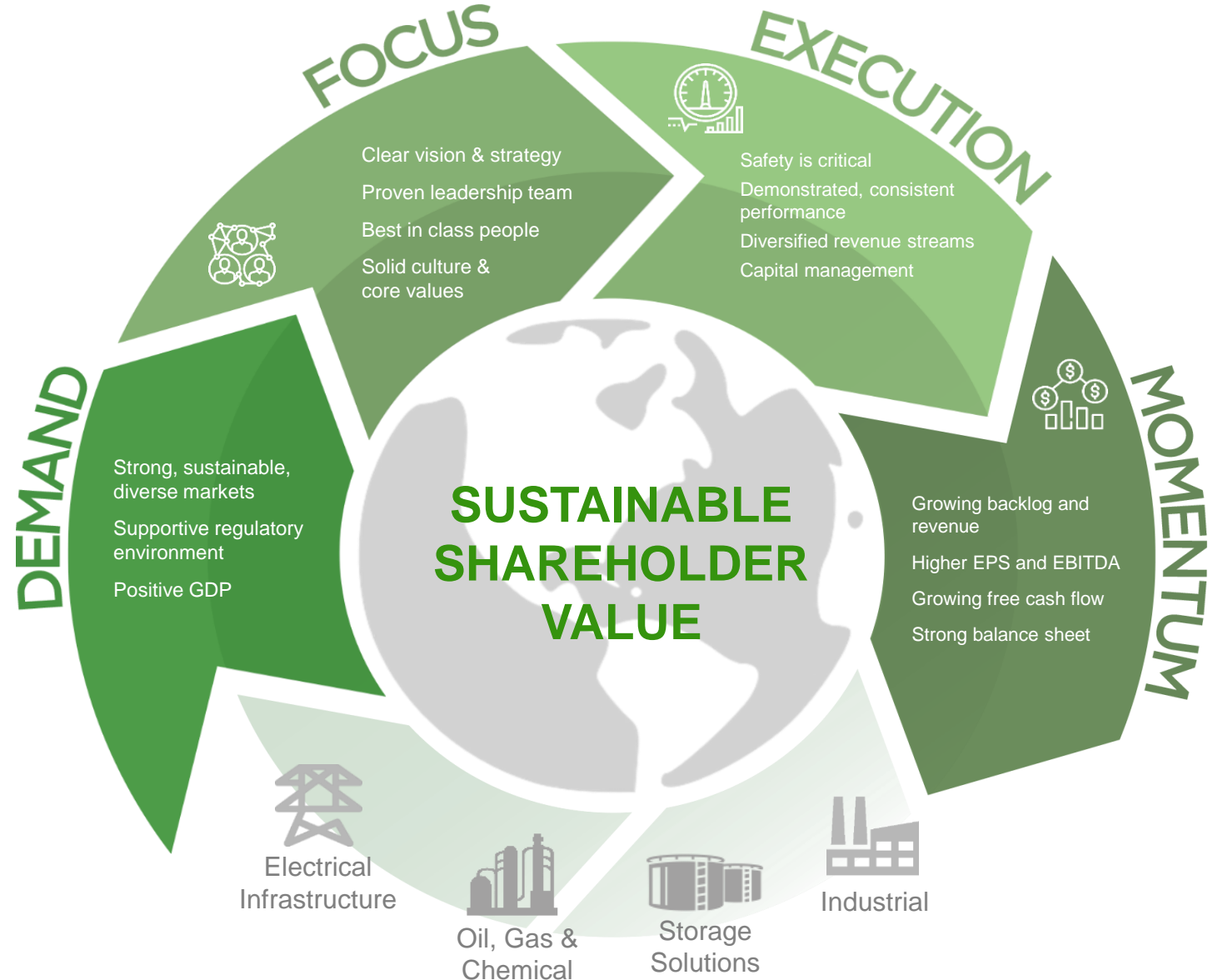
## CONTINUOUS INVESTMENT

### IN PEOPLE

- Safety of our employees comes first
- Culture and core values are critical
- Inclusion and diversity drives recruiting, retention, and innovation

### IN PERFORMANCE

- Process improvements to drive results
- Diversification and growth are a key part of our strategy



## FISCAL 2020 | FIRST QUARTER RESULTS *(\$ in thousands, except EPS)*

	1Q20		1Q19		
Revenue	\$	338,097	\$	318,511	
Gross profit		32,465	9.6%	23,421	7.4%
SG&A		23,691	7.0%	21,201	6.7%
Operating income		8,774	2.6%	2,220	0.7%
Pretax income		8,862	2.6%	2,756	0.9%
Income tax		2,711	30.6%	451	16.4%
Net income		6,151	1.8%	2,305	0.7%
Earnings per share		0.22		0.08	
EBITDA		14,030	4.1%	7,591	2.4%
Backlog	\$	1,081,940		\$	1,109,472
Awards		321,688			209,387
Book-to-bill		1.0			0.7

## SEGMENT RESULTS *(\$ in thousands)*

1Q20	Electrical Infrastructure	Oil Gas & Chemical	Storage Solutions	Industrial	TOTAL
Revenue	\$ 31,532	\$ 57,530	\$ 150,067	\$ 98,968	\$ 338,097
Gross Profit	\$ 104	\$ 3,635	\$ 21,055	\$ 7,671	\$ 32,465
Gross Margin	0.3%	6.3%	14.0%	7.8%	9.6%
Backlog	\$ 72,663	\$ 168,193	\$ 634,695	\$ 206,389	\$ 1,081,940
Awards	\$ 30,312	\$ 91,160	\$ 143,467	\$ 56,749	\$ 321,688
Book-to-bill	1.0	1.6	1.0	0.6	1.0

1Q19	Electrical Infrastructure	Oil Gas & Chemical	Storage Solutions	Industrial	TOTAL
Revenue	\$ 44,701	\$ 75,491	\$ 112,762	\$ 85,557	\$ 318,511
Gross Profit	\$ 3,383	\$ 5,625	\$ 9,553	\$ 4,860	\$ 23,421
Gross Margin	7.6%	7.5%	8.5%	5.7%	7.4%

# LIQUIDITY BRIDGE (\$ in millions)

## 1Q20



Improved financial performance and working capital management has increased liquidity by \$66.4 million

# FY 2020 GUIDANCE

Revenue Guidance	Earnings Guidance
\$1.4 - \$1.55 billion	\$1.10 to \$1.40 per fully diluted share

- Positive operating environment with some uncertainty in the macro environment
- Strong backlog and robust project funnel
  - Potential awards of large capital projects expected as we progress through the year
  - Expect to end fiscal 2020 in a strong backlog position
- We expect our revenue and earnings to improve as the year progresses
  - Q2 revenue and earnings should improve modestly from Q1 and then continue to improve as the year progresses
- Assumes tax rate of 27% for the remainder of the year
- Strong balance sheet and liquidity
- Capex of 1.5 – 2.0% of revenue



# Q & A

# EBITDA reconciliation

# NON-GAAP RECONCILIATION – EBITDA

(\$ in thousands)

	Three Months Ended September 30,	
	2019	2018
Net income	\$ 6,151	\$ 2,305
Interest expense	389	292
Provision for income taxes	2,711	451
Depreciation and amortization	4,779	4,543
EBITDA	<u>\$ 14,030</u>	<u>\$ 7,591</u>