MATRIX SERVICE COMPANY

# FY23 Q3
# EARNINGS CALL

# 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.

# SAFETY MOMENT

FIVE CONTRACTOR SAFETY ACHIEVEMENT AWARDS

| EL SEGUNDO | ANACORTES | PUGET SOUND | LOS ANGELES | JOLIET |
|---|---|---|---|---|

# CEO COMMENTARY

# HIGHLIGHTS FOR THE QUARTER

1

### Continued Momentum in Project Awards

- Third quarter book-to-bill of 1.7, seventh consecutive quarter with a book-to-bill 1.0 or higher
- Strong awards in Process & Industrial Facilities driven by a midstream gas compressor upgrade project

2

### Momentum Driven by Market Recovery and More Focused Approach

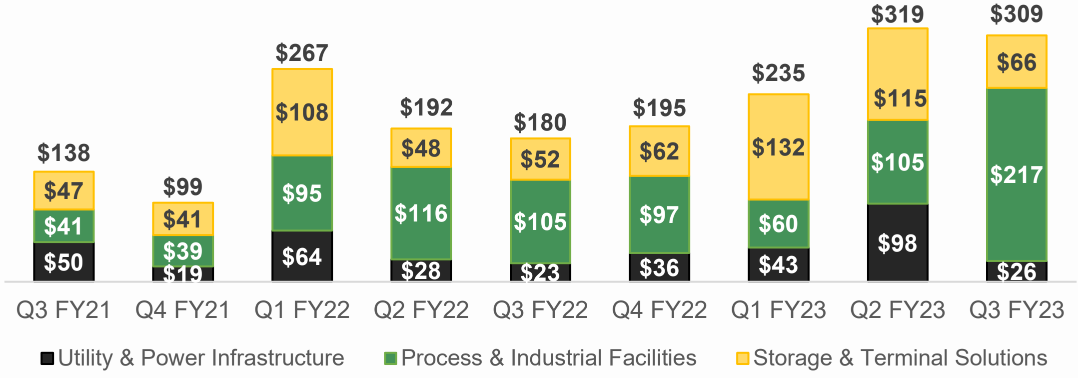
- Continued uptick in larger Storage and Terminal project opportunities with future awards expected
- Shifting opportunity pipeline focused on transition to low carbon economy energy mix
- Stable client investment plans support normalization of our operating environment

3

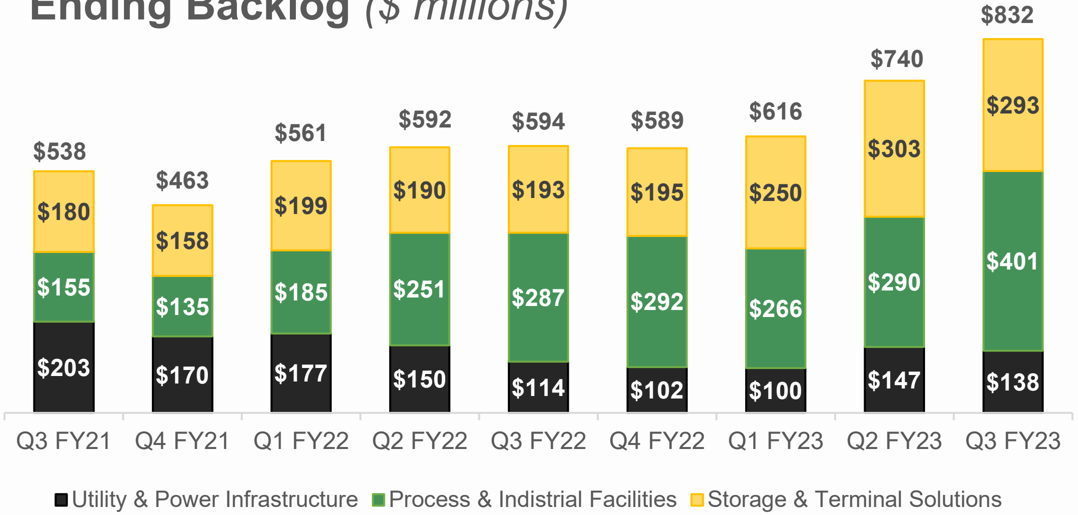
### Backlog of $832 million as of 03/31/2023

- Expect continued backlog growth through the remainder of fiscal 2023 based upon the status of specific projects included in our opportunity pipeline

**Project Awards** *($ millions)*




**Ending Backlog** *($ millions)*

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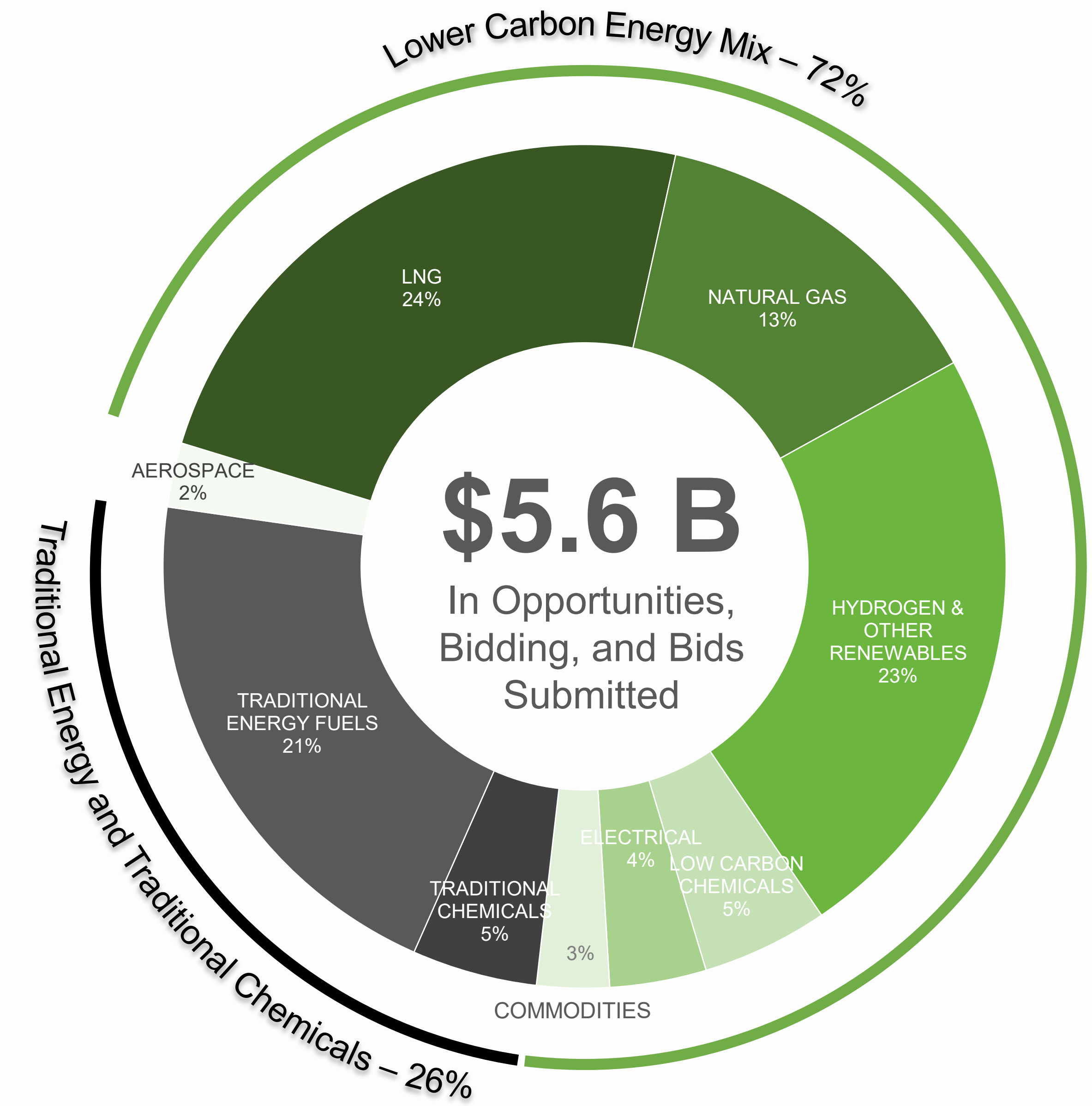
# OPPORTUNITY PIPELINE

## Supports traditional and lower carbon energy mix, including LNG and NGLs, Hydrogen and other renewables.

Enterprise-wide, our **skills and expertise are transferable** as the world and our clients transition to a lower carbon energy mix.

All three operating segments contain projects of **$75 million or greater**.

This pipeline does not include our normal day-to-day and recurring maintenance, and small project activities **which represents approximately a third of our business revenue** across all three segments.




Project Opportunity Pipeline data is as March 31, 2023, for projects of $5 million or greater and does not include small capital projects or maintenance and repair.

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# **KEY MACRO DRIVERS** TO OUR MARKETS

## GLOBAL ENERGY SECURITY

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

## DOMESTIC ENERGY SUPPLY ASSURANCE

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

## CLEAN ENERGY TRANSITION

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

## DEMAND FOR OTHER COMMODITIES

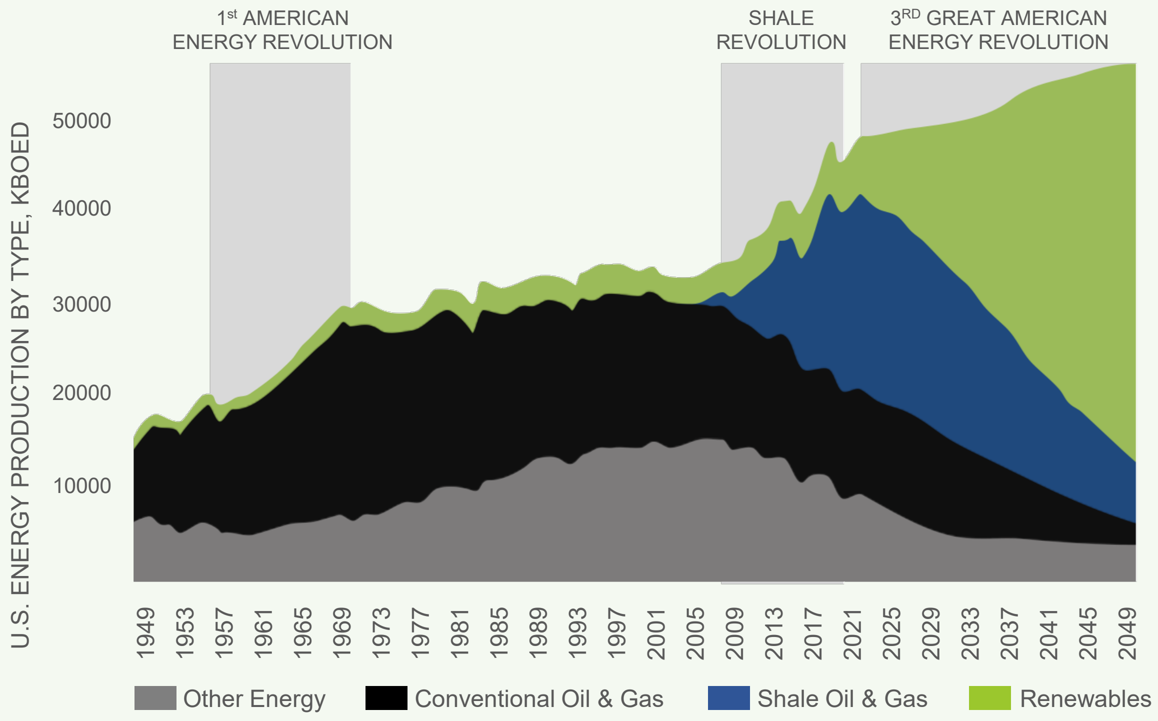
- Metals, Mining and Minerals Investment
- Batteries, infrastructure, etc.

## FEDERAL INFRASTRUCTURE INVESTMENT

- Resilient, clean, 21$^{st}$ century electric grid
- Supporting the clean energy transition
- Airports including fueling and sustainable aviation fuel investments
- Infrastructure repair, replacement, and electrification which impact Copper, Lithium and other mineral commodities
- Wastewater treatment that will require digesters and aluminum covers

# MARKET OUTLOOK

- The Inflation Reduction Act (IRA) Energy and Climate provision provides $391 Billion, although analysts are forecasting the IRA to cost around $1.2 Trillion
- This sizeable government investment is expected to be a spring-board for an additional $2 Trillion in private infrastructure invest-ments by 2032 and $11 Trillion by 2050
- 70% of the total investment will be directed to electrification (grid, charging networks, and renewable power)
- 30% of the total investment will be directed toward hydrogen, bioenergy, and carbon capture
- The transport sector is expected to be the most impacted by the IRA from tax credits for new electric vehicles
- Electrification and clean energy will have a major impact on demand for natural resources such as aluminum, copper, lithium, and nickel




SOURCES: EIA (historical), Goldman Sachs Global Investment Research: Carbonomics;
Kboed: kilobarrel of oil equivalent per day

## The 3rd Great American Energy Revolution is forecasted to unlock $3 Trillion of infrastructure investments

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# QUARTERLY TREND | CONSOLIDATED

| *(In millions except %)* | FY2022, Q1 | FY2022, Q2 | FY2022, Q3 | FY2022, Q4 | FY2023, Q1 | FY2023, Q2 | FY2023, Q3 |
|---|---|---|---|---|---|---|---|
| **Revenue** | $ 168,093 | $ 161,965 | $177,003 | $200,719 | $208,431 | $193,040 | **$186,895** |
| **Gross Profit (Loss)** | (3,508) | 3,207 | (1,763) | 858 | 13,008 | (1,302) | 4,419 |
| **Gross Margin** | (2.1%) | 2.0% | (1.0%) | 0.4% | 6.2% | (0.7%) | **2.4%** |
| **SG&A Expense** | 16,629 | 15,922 | 17,041 | 18,098 | 16,811 | 17,545 | 16,862 |
| **Adjusted Operating Income** | (20,137) | (12,715) | (18,804) | (17,240) | (3,803) | (18,847) | **(12,443)** |
| **Adjusted Operating Income %** | (12.0%) | (7.9%) | (10.6%) | (8.6%) | (1.8%) | (9.8%) | **(6.7%)** |
| **Income (Loss) Per Share** | $ (0.66) | $ (0.93) | $ (1.30) | $ 0.50 | $ (0.24) | $ (1.22) | $ (0.47) |
| **Adjusted Loss Per Share** | $ (0.60) | $ (0.38) | $ (0.50) | $ (0.52) | $ (0.15) | $ (0.53) | **$ (0.33)** |
| **Adjusted EBITDA** | $(14,278) | $ (7,091) | $(12,304) | $(11,962) | $ 844 | $ (13,090) | **$ (7,736)** |

- Revenue decreased in Q3 due to the timing of project awards and starts in the Storage and Terminal Solutions segment.
- Gross Margins impacted by $3.3 million adjustments on gas processing work, which impacted earnings ~12 cents, and under recovered overhead costs, which impacted margins by 400 basis points.

On an adjusted basis, the quarter loss was 33 cents per fully diluted share, of which 12 cents related to the margin adjustments on gas processing work.

# RECONCILIATION OF CERTAIN NON-GAAP MEASURES

| | THREE MONTHS ENDED | | NINE MONTHS ENDED | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Net Income (Loss), as reported | $ (12,686) | $ (34,899) | $ (52,025) | $ (77,356) |
| Goodwill Impairment | _ | 18,312 | 12,316 | 18,312 |
| Restructuring Costs | 316 | (1,578) | 2,881 | (278) |
| Accelerated amortization of deferred debt amendment fees | – | – | – | 1,518 |
| Tax impact of restructuring costs and accelerated amortization of debt amendment fees | (81) | (2,911) | (3,912) | (3,636) |
| Deferred tax asset valuation allowance | 3,583 | 7,671 | 13,347 | 21,869 |
| Adjusted net loss | $ (8,868) | $ (13,405) | $ (27,393) | $ (39,571) |
| | | | | |
| Loss per fully diluted share | $ (0.47) | $ (1.30) | $ (1.93) | $ (2.90) |
| Adjusted loss per fully diluted share | $ (0.33) | $ (0.50) | $ (1.02) | $ (1.48) |

# QUARTERLY TREND | UTILITY & POWER INFRASTRUCTURE

| *(In millions except %)* | FY2022, Q1 | FY2022, Q2 | FY2022, Q3 | FY2022, Q4 | FY2023, Q1 | FY2023, Q2 | FY2023, Q3 |
|---|---|---|---|---|---|---|---|
| **Revenue** | $ 57,204 | $ 54,752 | $ 59,341 | $ 48,795 | $ 44,870 | $ 50,535 | **$35,024** |
| **Gross Profit (Loss)** | (6,107) | (491) | (492) | (1,497) | 1,714 | 2,426 | 2,790 |
| **Gross Margin** | (10.7%) | (0.9%) | (0.8%) | (3.1%) | 3.8% | 4.8% | **8.0%** |
| **SG&A Expense** | 3,050 | 3,150 | 2,910 | 2,663 | 1,738 | 1,787 | 1,869 |
| **Adjusted Operating Income** | (9,157) | (3,641) | (3,402) | (4,160) | (24) | 639 | **921** |
| **Adjusted Operating Income %** | (16.0%) | (6.6%) | (5.7%) | (8.5%) | (0.1%) | 1.3% | **2.6%** |

- Revenue declined on lower revenue volumes from peak shaver work. The previous peak shaver projects are substantially complete and the newly award peak shaver project will not begin to positively impact revenue until the end of the fiscal year.
- Gross margin is at its highest since FY2021, driven primarily by good execution on a mix of reimbursable power delivery work.
- Returned to positive Operating Income for the second quarter in a row and best performance since Q2 FY21.

Revenue improvement beginning in late FY2023 is expected with increased peak shaver work. Longer-term outlook is improving with strong funnel for additional peak shaver opportunities.

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# QUARTERLY TREND | PROCESS & INDUSTRIAL FACILITIES

| *(In millions except %)* | FY2022, Q1 | FY2022, Q2 | FY2022, Q3 | FY2022, Q4 | FY2023, Q1 | FY2023, Q2 | FY2023, Q3 |
|---|---|---|---|---|---|---|---|
| **Revenue** | $ 43,905 | $ 50,316 | $ 68,971 | $ 91,656 | $ 86,628 | $80,789 | **$99,706** |
| **Gross Profit (Loss)** | 2,871 | 4,235 | (441) | 2,607 | 4,330 | (5,131) | 3,160 |
| **Gross Margin** | 6.5% | 8.4% | (0.6%) | 2.8% | 5.0% | (6.4%) | **3.2%** |
| **SG&A Expense** | 2,762 | 2,792 | 3,198 | 3,754 | 4,070 | 3,682 | 3,556 |
| **Adjusted Operating Income** | 109 | 1,443 | (3,639) | (1,147) | 260 | (8,813) | **(396)** |
| **Adjusted Operating Income %** | 0.2% | 2.9% | (5.3%) | (1.3%) | 0.3% | (10.9%) | **(0.4%)** |

- Revenue continues at significantly higher level than the prior fiscal year, which is expected to continue.
- Gross Margin was impacted by:
  - $3.3 million adjustments on gas processing work that is scheduled for mechanical completion in early July 2023
  - Under recovered overhead costs also impacted margins by 170 basis points
  - Other work in the segment including refinery turnarounds and maintenance, aerospace, and mining and minerals amounted to approximately 80% of segment revenue and produced gross margin of approximately 10%

Revenue volume increased significantly during the quarter and a similar level of revenue is expected for the fourth quarter.

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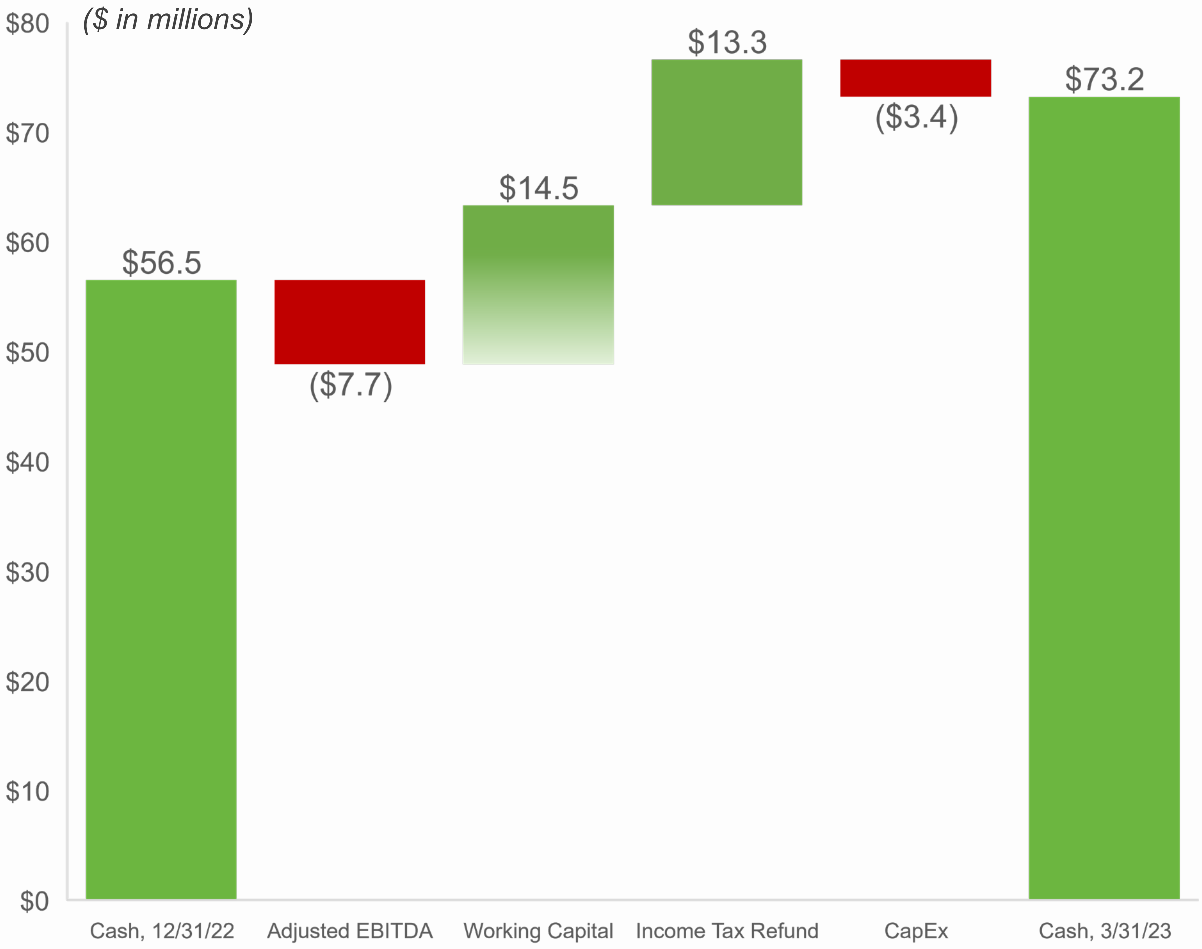
# QUARTERLY TREND | STORAGE & TERMINAL SOLUTIONS

| *(In millions except %)* | FY2022, Q1 | FY2022, Q2 | FY2022, Q3 | FY2022, Q4 | FY2023, Q1 | FY2023, Q2 | FY2023, Q3 |
|---|---|---|---|---|---|---|---|
| **Revenue** | $ 66,984 | $ 56,897 | $ 48,691 | $ 60,268 | $ 76,933 | $ 62,516 | **$52,165** |
| **Gross Profit (Loss)** | 413 | (172) | (458) | 478 | 7,564 | 1,648 | (810) |
| **Gross Margin** | 0.6% | (0.3%) | (0.9%) | 0.8% | 9.8% | 2.6% | **(1.6%)** |
| **SG&A Expense** | 4,506 | 4,280 | 4,063 | 4,434 | 4,158 | 5,450 | 5,735 |
| **Adjusted Operating Income** | (4,093) | (4,452) | (4,521) | (3,956) | 3,406 | (3,802) | **(6,545)** |
| **Adjusted Operating Income %** | (6.1%) | (7.8%) | (9.3%) | (6.6%) | 4.4% | (6.1%) | **(12.5%)** |

- Revenue decreased as a result of timing on project awards and starts.
- Gross margins impacted 950 basis points from under recovery of construction overhead costs due to lower revenue.
- Forecasting significant revenue increase in FY2023 Q4 which should virtually eliminate under-recovery of construction overhead costs for this segment.

Operating performance expected to improve as recent project awards begin to meaningfully impact revenue in FY2023 Q4; prospects for long-term recovery is high with the recent and anticipated project awards.

# CASH BRIDGE | FY 2023, Q3




Cash improvement in FY 2023, Q3 was driven by **a decrease in working capital investment and receipt of our income tax refund**.

We continue to **proactively manage our balance sheet and liquidity**.

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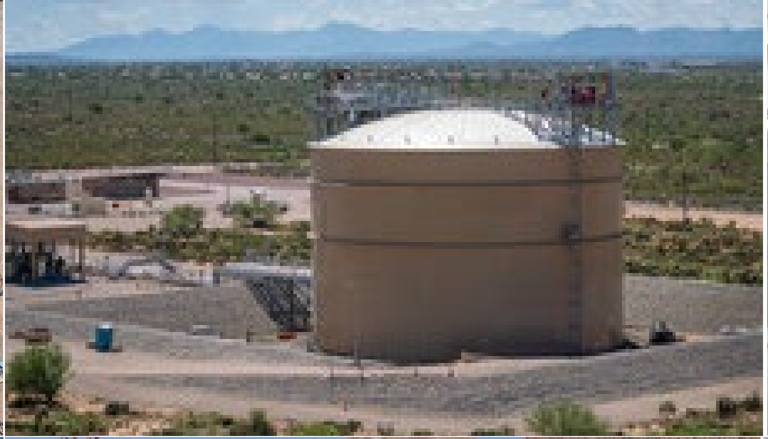
# IN SUMMARY

Matrix is making progress toward normalized levels of operations, with many parts of the Company on plan and:

- Will have worked through the lower margin projects that were awarded during the pandemic period by the end of FY2023, Q4;
- Have significantly improved our project awards and backlog in terms of both size and margin profile which we expect to continue;
- Have transformed our organization to be better able to leverage our cost structure as revenues return, improve efficiency, competitiveness, and the quality of our delivery; and
- Have strategically focused the Company's business development approach and services platform on a narrower list of existing and new markets with opportunities for sustainable growth now, and into the future.

Moving into FY2023, Q4 and toward FY2024, Matrix is positioned to continue our business improvement progress by reaching $1 billion-plus in backlog, achieving our revenue expectations, and returning our margin profile to more historical ranges.





# Q&A

# APPENDIX

# ADJUSTED EBITDA

| | THREE MONTHS ENDED | | NINE MONTHS ENDED | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Net Income (Loss), as reported | $ (12,686) | $ (34,899) | $ (52,025) | $ (77,356) |
| Goodwill Impairment | _ | 18,312 | 12,316 | 18,312 |
| Restructuring Costs | 316 | (1,578) | 2,881 | (278) |
| Stock-Based Compensation | 1,407 | 2,088 | 5,154 | 5,823 |
| Interest Expense | 268 | 204 | 1,556 | 2,705 |
| Provision (Benefit) for Income Taxes | (363) | (147) | (363) | 5,564 |
| Depreciation and Amortization | 3,322 | 3,716 | 10,499 | 11,557 |
| Adjusted EBITDA | $ (7,736) | $ (12,304) | $ (19,982) | $ (33,673) |

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# RECONCILIATION OF CERTAIN NON-GAAP MEASURES

| | THREE MONTHS ENDED MARCH 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Utility and Power Infrastructure | Process and Industrial Facilities | Storage and Terminal Solutions | Corporate | Total |
| Total Operating Income (Loss) | $ 921 | $ (502) | $ (6,624) | $ (6,554) | $ (32,441) |
| Restructuring Costs | _ | 106 | 79 | 131 | 316 |
| Adjusted Operating Income (Loss) | $ 921 | $ (396) | $ (6,545) | $ (6,423) | $ (32,125) |

| | THREE MONTHS ENDED MARCH 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Utility and Power Infrastructure | Process and Industrial Facilities | Storage and Terminal Solutions | Corporate | Total |
| Total Operating Income (Loss) | $ (6,061) | $ (10,495) | $ (11,740) | $ (7,242) | $ (35,538) |
| Goodwill impairment | 2,659 | 8,445 | 7,208 | _ | 18,312 |
| Restructuring Costs | _ | (1,589) | 11 | _ | (1,578) |
| Adjusted Operating Income (Loss) | $ (3,402) | $ (3,639) | $ (4,531) | $ (7,242) | $ (18,804) |

MATRIX SERVICE COMPANY

# RECONCILIATION OF CERTAIN NON-GAAP MEASURES

| | NINE MONTHS ENDED MARCH 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Utility and Power Infrastructure | Process and Industrial Facilities | Storage and Terminal Solutions | Corporate | Total |
| Total Operating Income (Loss) | $ 1,498 | $ (22,068) | $ (7,923) | $ (21,797) | $ (50,290) |
| Goodwill Impairment | _ | 12,316 | _ | _ | 12,316 |
| Restructuring Costs | 37 | 803 | 984 | 1,057 | 2,881 |
| Adjusted Operating Income (Loss) | $ 1,461 | $ (8,949) | $ (6,939) | $ (20,740) | $ (35,093) |

| | NINE MONTHS ENDED MARCH 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Utility and Power Infrastructure | Process and Industrial Facilities | Storage and Terminal Solutions | Corporate | Total |
| Total Operating Income (Loss) | $ (18,903) | $ (8,928) | $ (20,359) | $ (21,500) | $ (69,690) |
| Goodwill Impairment | 2,659 | 8,445 | 7,208 | _ | 18,312 |
| Restructuring Costs | 46 | (1,606) | 85 | 1,197 | (278) |
| Adjusted Operating Income (Loss) | $ (16,198) | $ (2,089) | $ (13,066) | $ (20,303) | $ (51,656) |