



# Investor Presentation Road Show

Fiscal 2019, Third Quarter



**MATRIX SERVICE  
COMPANY**



**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.



# TOP TIER NORTH AMERICAN EPC CONTRACTOR



Through our subsidiaries, Matrix provides engineering, fabrication, procurement, construction, construction management, maintenance and repair services across the Energy and Industrial markets

## OUR REPORTING SEGMENTS

### ELECTRICAL INFRASTRUCTURE



### OIL, GAS & CHEMICAL



### STORAGE SOLUTIONS

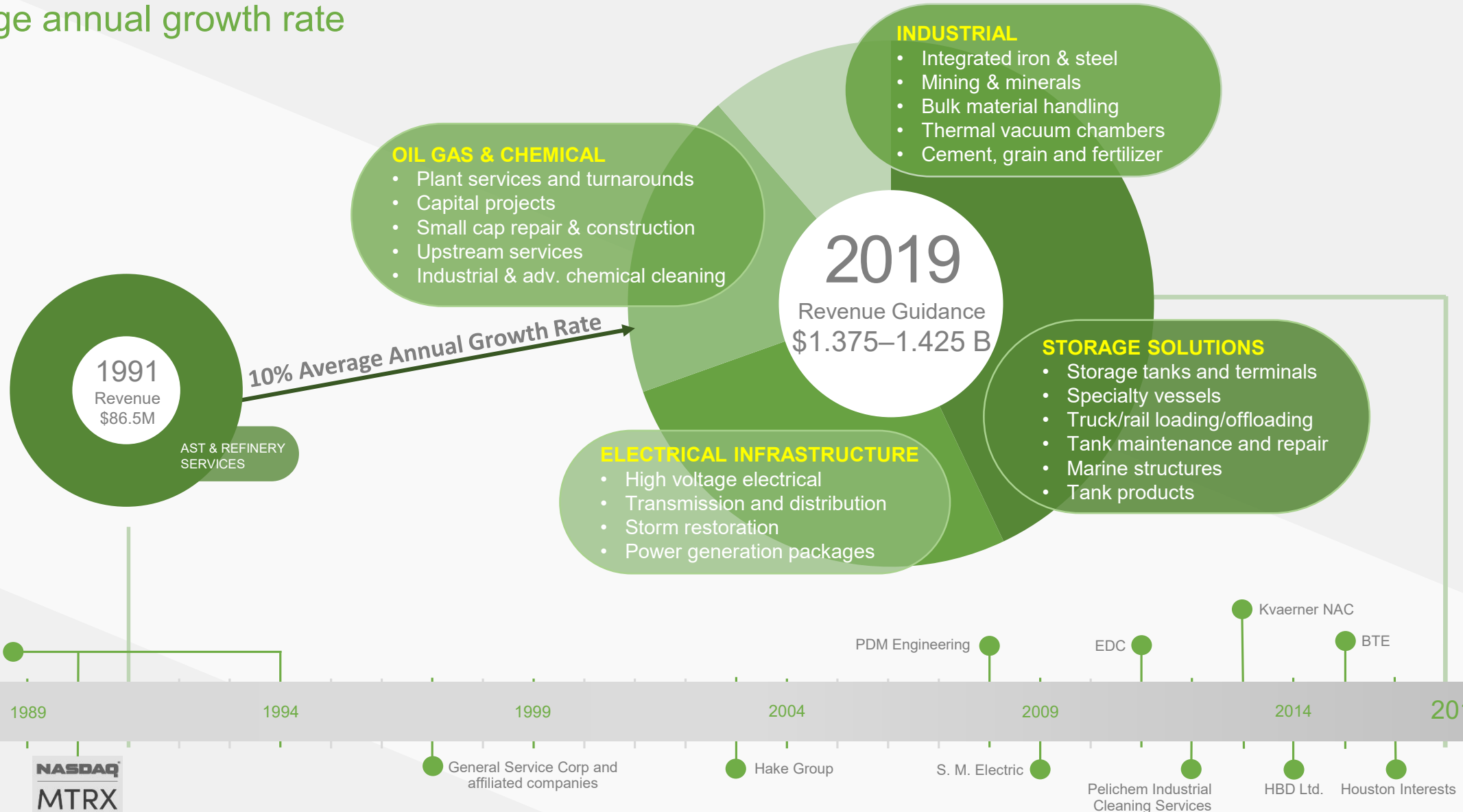


### INDUSTRIAL



# DIVERSIFIED BUSINESS MODEL

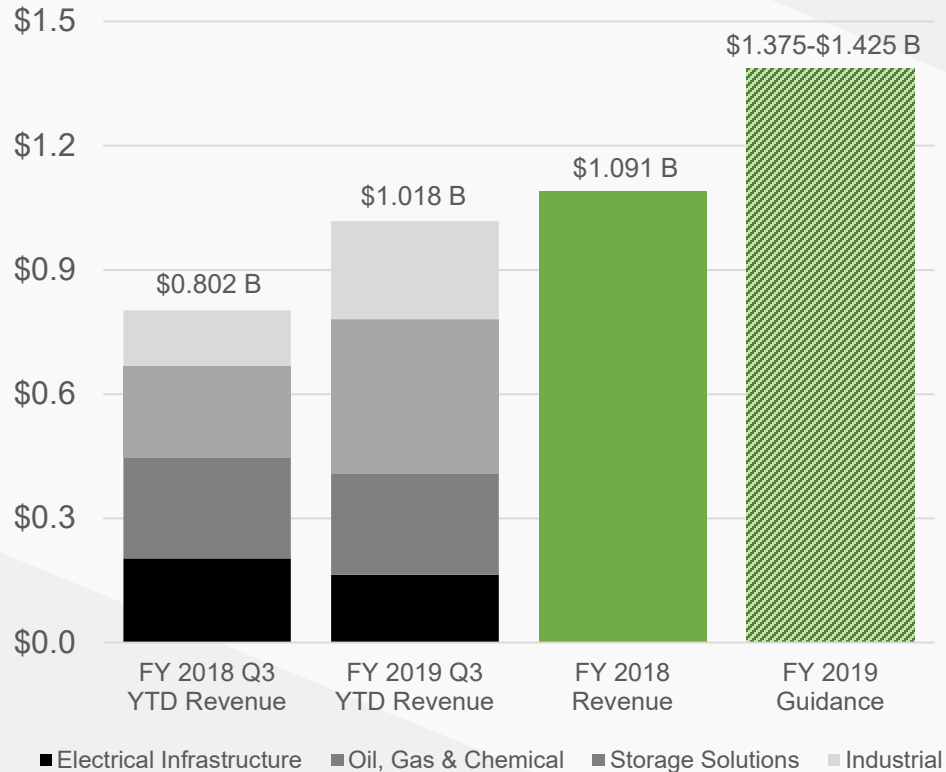
10% average annual growth rate



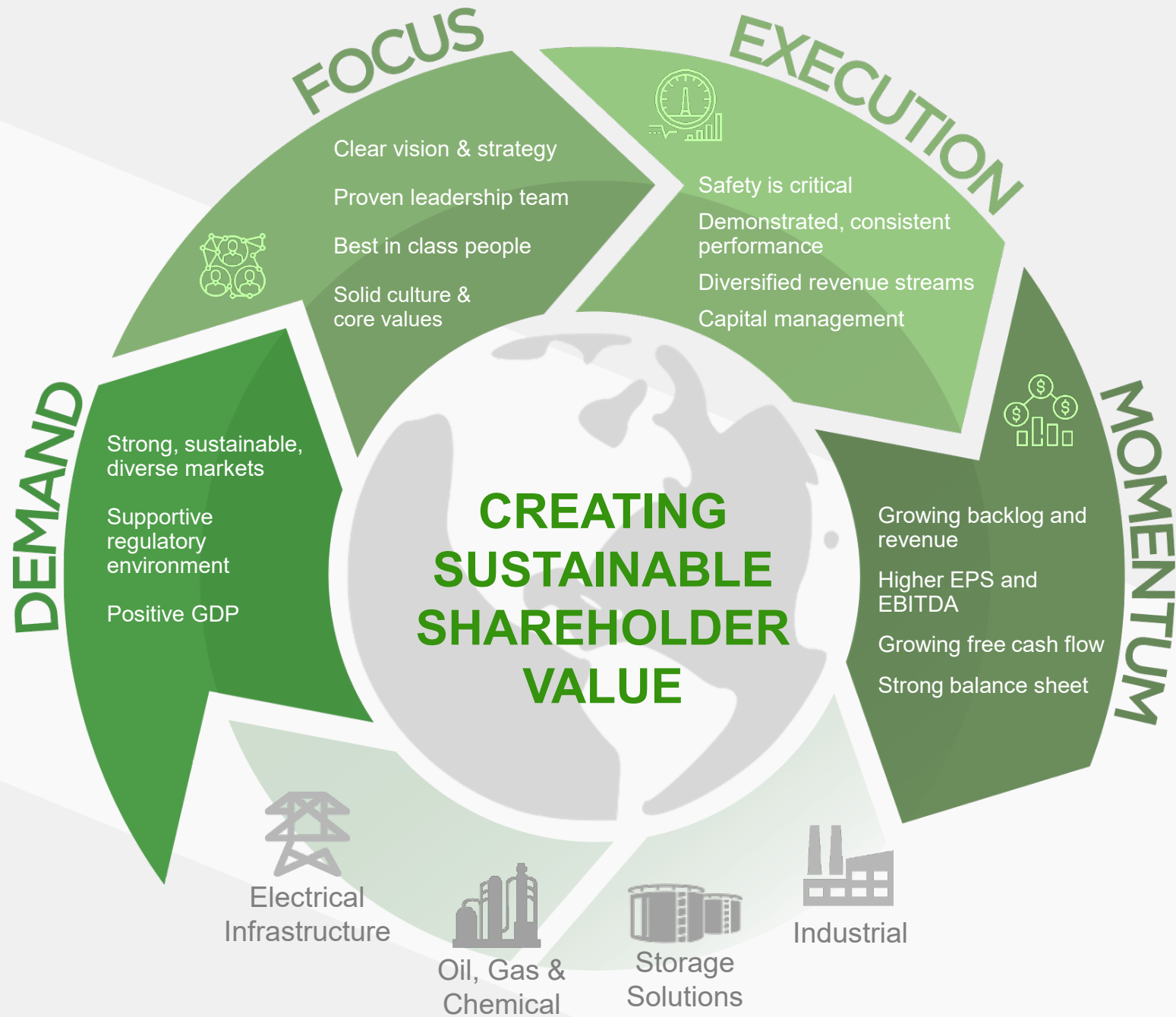


# FY 2019 THIRD QUARTER AND YEAR TO DATE HIGHLIGHTS

Revenue (in billions)



- Our markets are strong with improving performance
- Revenue increased 46% in the quarter compared to the same period a year ago
- Gross profit for the quarter increased 148% compared to the same period a year ago
- Gross margins continue to improve quarter over quarter
- Backlog increased to \$1.146 billion on quarterly book-to-bill of 1.3
- Liquidity increased to \$180 million, with minimal debt
- Quarterly EPS was \$0.33 compared to (\$0.19) for the same period a year ago; year-to-date EPS was \$0.55 compared to \$0.12 in the prior year





# OUR VISION

To be the **company of choice** for engineering, constructing and maintaining the **energy** and **industrial infrastructure** that **people rely on** around the world.



# OUR CULTURE AND CORE VALUES

Our people, living our values, are the foundation for our success, which has led to consistent recognition for excellence by our clients, our industry, the business world, and our employees



## Commitment to safety

Put safety first for yourself and others. Create a zero-incident environment through leadership.



## Integrity

Do the right thing every time, ethically and honestly.

## Positive relationships

Be respectful, promote collaboration and build lasting relationships.

## Stewardship

Safeguard all that is entrusted to us.



## Community involvement

Make a difference in the communities where we live and work.

## Deliver the best

Strive for excellence in all we do.



Consistently ranked among the Top 100 Contractors by Engineering-News Record



Twice recognized as one of only 100 based on independent review of more than 2,500 publicly-traded non-financial American companies with market caps of \$250 million



Consistently certified as a Great Place to Work®



# WHERE WE ARE HEADED

## “The Big Picture”

### SAFETY

- Achieve TRIR safety of zero incidents

### PEOPLE AND COMMUNICATION

- Known for great leadership and employees
- Always a Great Place to Work®
- Innovative, confident in our abilities, and opportunistic

### CLIENTS AND GROWTH

- Maintain our premier storage brand
- Full terminal contractor
- Full services across the entire gas value chain
- Extend refinery expertise to petrochemical market
- Extend our reach in natural gas processing
- Nationwide expansion of our power delivery services
- Continued diversification of services
- International added to our business

### EXECUTION EXCELLENCE

- Top line revenue of \$2+ billion
- Achieve overall financial company metrics



# OUR PERSPECTIVE ON THE GLOBAL ECONOMY



## Global and Domestic Outlook

- Solid fundamental underpinnings of the U.S. economy support continued expansion with little near-term recession risk
- Global economy forecasted to slow moderately over the next several quarters
- Growth in emerging markets may strain under weight of inflation and a rising U.S. dollar
- Trade disputes can impact sectors exposed to tariffs
- Labor markets tighten while wages and productivity show only modest signs of a comeback

SOURCES:  
The Conference Board, Global Economic Outlook 2019 – 2028  
BOK and Commerce Trust Company 2019 Economic Forecasts and  
Financial Market Updates (12/18)

- Global and U.S. growth slows, trade disputes are a risk, but will get resolved
- Corporate tax savings available for capital investments
- Federal Reserve will not be able to raise rates much, if at all
- Market has anticipated a recession, but ...
- Slower growth yes, recession no, low inflation
- Consumer confidence to remain high
- Low unemployment and rising wages, tight labor market
- Next presidential election cycle creates uncertainty
- Global energy demand growth continues, but at a slower rate

**Despite global economic uncertainty and trade disputes,  
our clients and markets support continued strength and  
growth across our segments**





## Storage Solutions

- Robust need for crude oil aboveground storage terminals across North America including Mexico
- Strong NGL market activity including butane, LPG, propane, ethane, ethylene and related balance of plant
- Growing demand in LNG with multiple major end uses:
  - Export
  - Peak shaving
  - Marine fuel and fuel for heavy transport (trucking/rail) and HHP industrial
  - Power generation in off-grid and remote locations

# MARKET OUTLOOK







Storage Solutions

# CLIENTS AND GROWTH

## Leverage our premier storage brand

- Draw on our full EPC and terminal capabilities to accelerate growth
- Take advantage of our leading position in LNG
- Capitalize on structural changes in EPC competitive dynamic
- Develop and implement market strategy for international expansion



The U.S. is a player on the global stage and Matrix is right in the middle of it







## Oil, Gas & Chemical

- Improved **refinery** spending on turnarounds, greater opportunity for capital construction projects and daily onsite maintenance services
- Extension of expertise in capital construction, specialty vessels, turnaround and plant services to the North American **petrochemical and chemical** markets
- Growth in **natural gas** demand domestically and globally with significant opportunity in midstream infrastructure

# MARKET OUTLOOK







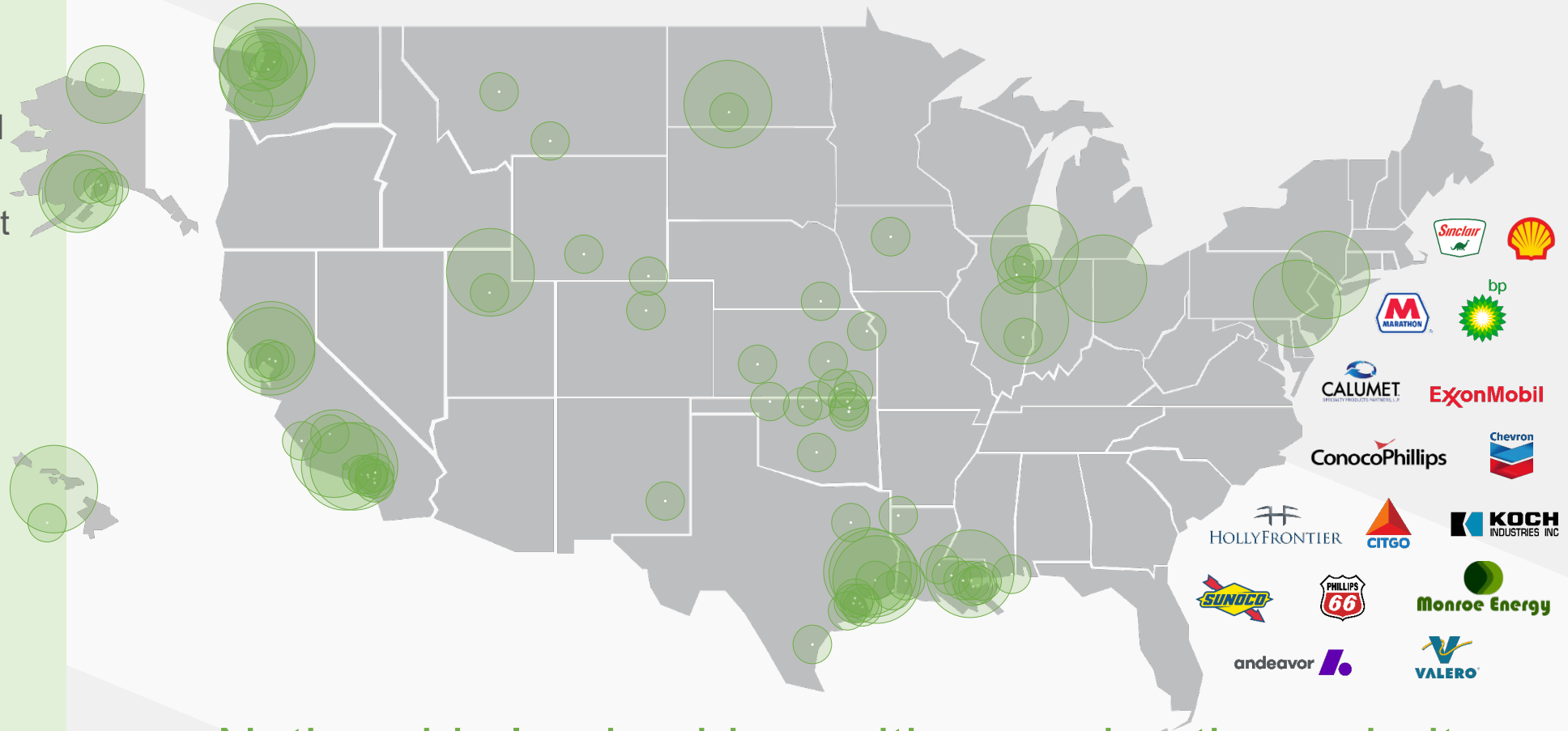
Oil, Gas & Chemical

# CLIENTS AND GROWTH

## 35 years of proven refinery expertise

### Diversified services

- On-site refinery repair and maintenance
- Storage fleet management
- Mechanical turnarounds
- Heavy turnarounds
- Capital construction
- Advanced chemical and industrial cleaning
- Emergency response and repair



## Nationwide leadership position serving the majority of refineries across North America



Oil, Gas & Chemical

## CLIENTS AND GROWTH

### Extend expertise to **petrochemical market**

- Abundant resources and the low cost of feedstock has driven petrochemical reshoring and plant expansions across North America
- By 2022, U.S. capital spending by the chemical industry is expected to reach \$48 billion, nearly 2.5 times the level of spending at the start of a prolonged cycle that began in 2010\*
- Matrix will leverage its proven execution approach in downstream construction, maintenance and repair, to grow market share



\*American Chemical Council (2018)





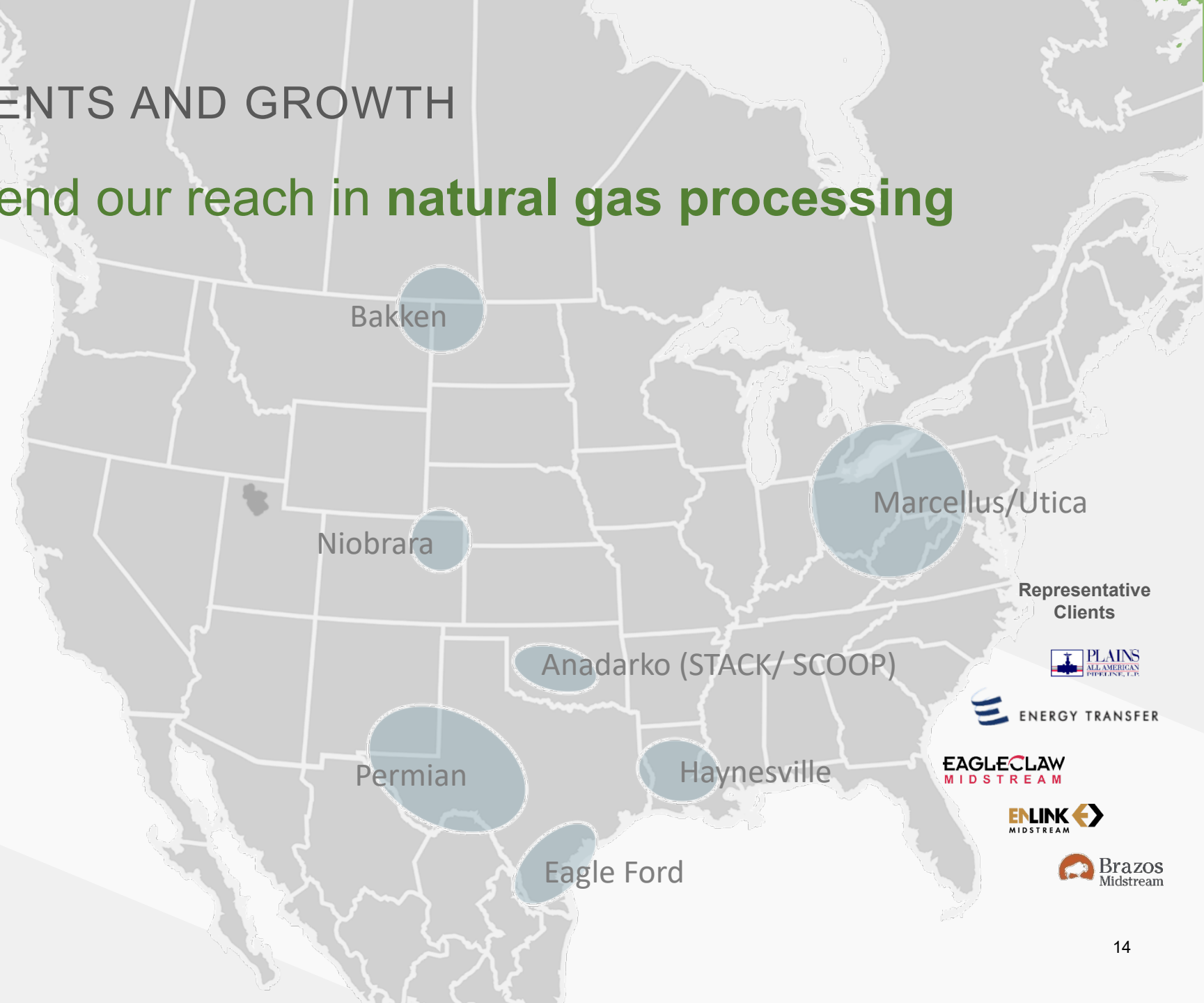


Oil, Gas & Chemical

# CLIENTS AND GROWTH

## Extend our reach in **natural gas processing**

- Abundant resources and global demand for more environmentally compliant energy continue to drive need for infrastructure including approximately \$4.5 billion in natural gas processing facilities between 2020 and 2022
- We will continue to leverage our expertise – which includes engineering and project management execution of nearly 3-billion cubic feet of installed cryogenic plant to grow market share in this critical part of the energy value chain



Representative Clients





## Electrical Infrastructure

- Strong domestic market dynamics create significant opportunity in high voltage and industrial electrical services
- Interconnects for environmentally compliant generation
- More reliable, efficient, secure, and interconnected distribution infrastructure
- Continued demand for cleaner energy in power generation

# MARKET OUTLOOK







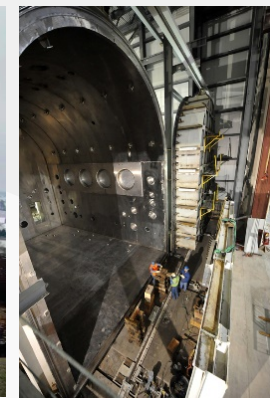




Industrial

# MARKET OUTLOOK

- Significant strength in iron and steel for foreseeable future as manufacturers upgrade and build new facilities to support growing demand dynamics
- Improving opportunities in mining and minerals and bulk material handling
- Opportunities for EPC services in the aerospace, mining and minerals, fertilizer, cement, and grain industries







Industrial

# CLIENTS AND GROWTH

## Maintain leading position in industrial markets

- Continue to provide industry-leading service to our integrated iron and steel customers
- Maintain strong relationships with our mining and minerals customers to ensure we are well positioned to meet their needs as commodity prices improve



**FM** FREEPORT-McMORAN

RioTinto

LEHIGH  
HEIDELBERGCEMENT Group

STELCO

USS

ArcelorMittal



# Financial update

# FISCAL 2019 | THIRD QUARTER RESULTS *(\$ in Millions, except EPS)*

	3Q18	4Q18	1Q19	2Q19	3Q19
Revenue	\$ 246	\$ 293	\$ 319	\$ 341	\$ 359
Electrical	58	53	45	58	61
Oil Gas & Chemical	69	80	75	86	83
Storage Solutions	77	96	113	126	134
Industrial	42	64	86	71	81
Gross Profit	\$ 14.9	\$ 21.5	\$ 23.4	\$27.9	\$36.9
Gross Margin	6.1%	7.3%	7.4%	8.2%	10.3%
SG&A	\$ 20.8	\$ 20.6	\$ 21.2	\$22.4	\$24.1
EPS	\$ (0.19)	\$ (0.55)	\$ 0.08	\$0.14	\$0.33
Adjusted EPS	\$ (0.19)	\$ 0.03*	\$ 0.08	\$0.14	\$0.33

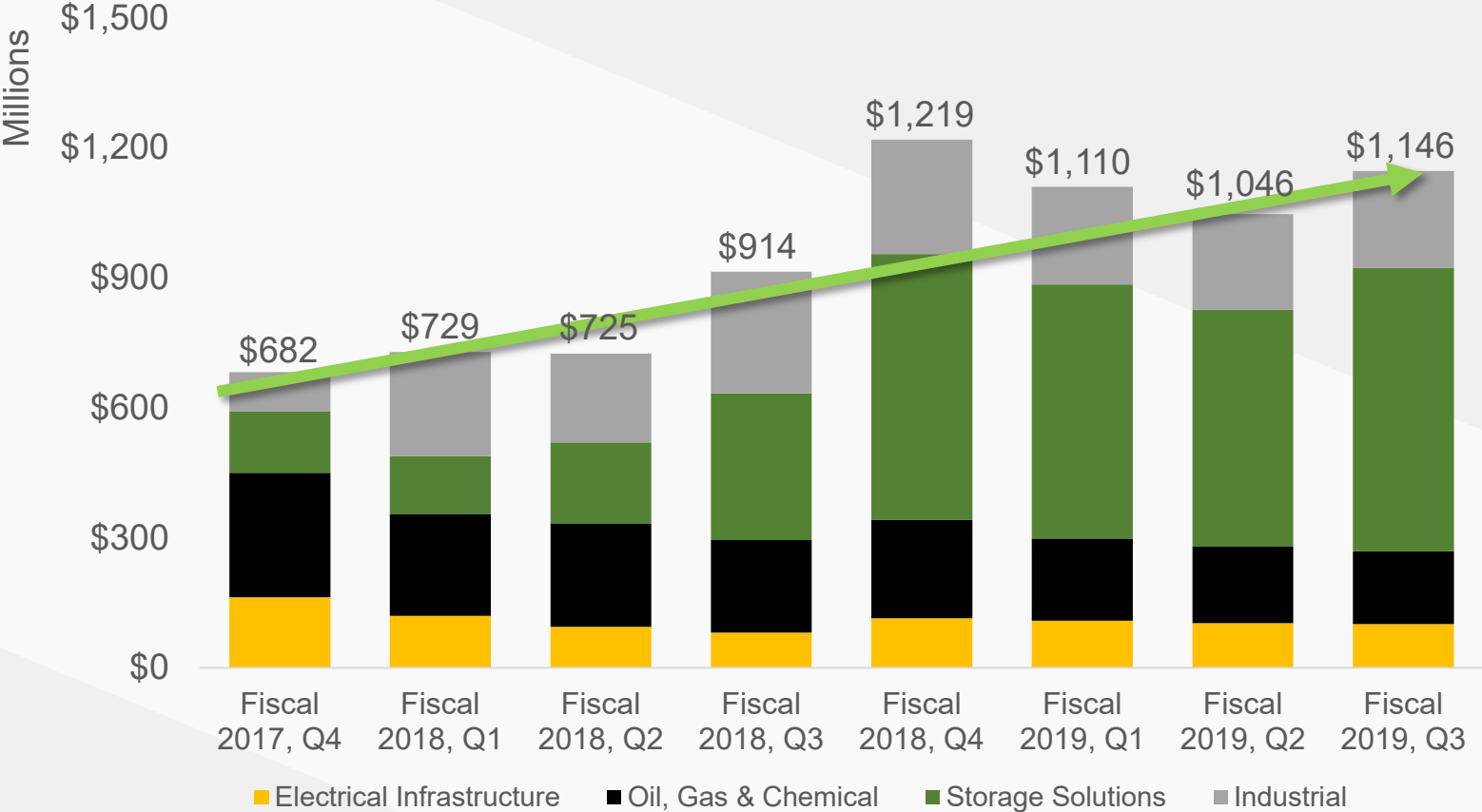
- Revenue increased 46.1% to \$358.9 million compared to \$245.6 million in the prior fiscal year
- Consolidated gross margin improvement accelerated over the previous quarters, reaching 10.3%
- Fully diluted earnings per share of \$0.33 in the third quarter

\*Excludes impairment charge related primarily to Electrical Infrastructure segment

Operating performance continues to strengthen quarter over quarter



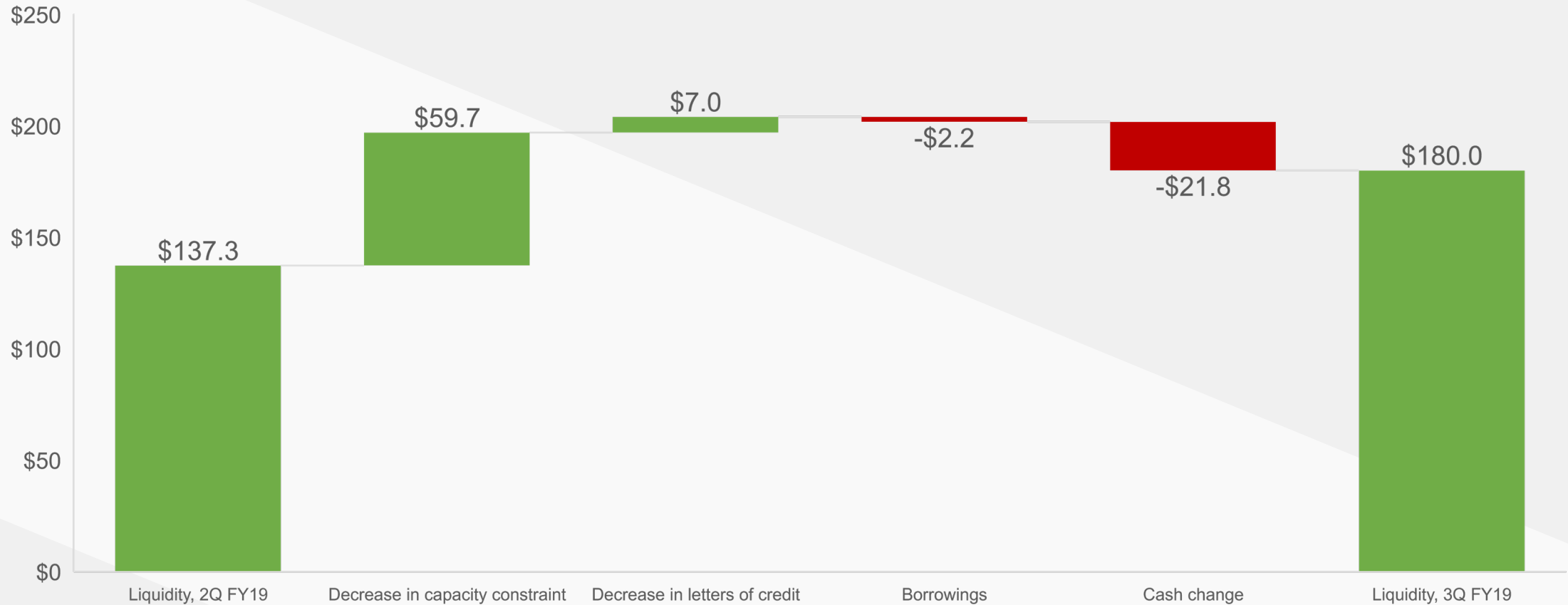
# FISCAL 2019 | BACKLOG AT MARCH 31, 2019



Backlog increased 25.4% to \$1.146 billion compared to \$914 million at the same period a year ago; book-to-bill of 1.3 for the quarter on \$459 million of project awards

Long-term backlog trend demonstrates strength and growth

# QUARTERLY LIQUIDITY BRIDGE (*\$ in Millions*)



Liquidity of \$180.0 million, up 31.1% in the quarter on improved operating performance



# FY 2019 UPDATED GUIDANCE

Revenue Guidance		Earnings Guidance	
From \$1.35 to \$1.425 billion	<b>To \$1.375 to \$1.425 billion</b>	From \$0.85 to \$1.15 per fully diluted share	<b>To \$0.90 to \$1.10 per fully diluted share</b>

- Backlog supports continued strength in Q4 FY 2019
- Revenue, gross margins, and earnings per share trend in Q3 FY 2019 will continue in Q4
- Assumes tax rate of 27% for Q4 FY 2019



# WHY MTRX IS A SOUND LONG-TERM INVESTMENT



KEY PERFORMANCE TARGETS	
TRIR / Safety	<b>0</b>
2022 Revenue goal	<b>\$2+ Billion</b>
Net working capital	<b>&lt; 6%*</b>
EBITDA	<b>≥ 6.5%*</b>
ROIC	<b>&gt; 12%</b>
Construction overhead recovery	<b>Full Recovery</b>
SG&A	<b>&lt; 5.5%*</b>
CAPEX	<b>&lt; 1.5%*</b>
Voluntary employee turnover (excluding Craft)	<b>&lt; 5%</b>
Average annual training hours per employee	<b>≥ 40</b>

\*As a percentage of consolidated revenue





# Appendix

Fiscal 2018 – GAAP reconciliation

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES *(unaudited)*

*(\$ in Thousands, except EPS)*

	Fourth Quarter 2018		Full Year 2018	
	As reported	Adjusted	As reported	Adjusted
Revenues	\$293,087	\$293,087	\$1,091,553	\$1,091,553
Operating income (loss)	(17,112)	886	(10,479)	7,519
Pretax income (loss)	(17,318)	680	(12,148)	5,850
Net income (loss)	(14,682)	812	(11,480)	4,014
Earnings (loss) per share – diluted	(0.55)	0.03	(0.43)	0.15

Adjusted amounts exclude the impact of impairment charges of \$18.0 million.





# Project samples

# ELECTRICAL INFRASTRUCTURE



Matrix NAC installed all substation underground conduits, ground grid and trench, as well as three (3) 500 kV breakers and five (5) switches, and three (3) 230 kV breakers and six (6) switches. The team also:

- Installed the field steel supports, insulators, bus, CCVTs and LAs
- Set-up the pre-manufactured control house and its internal wiring
- Installed the power and control cable (86,500 LF and 2,640 terminations) and tertiary supports and bus





# OIL GAS & CHEMICAL



Deconstruction / reconstruction of Tier 3 Ultra-Low Sulfur Gasoline (ULSG) unit

Selective engineering and design work

Mechanical, electrical and instrumentation construction services including deconstruction and reconstruction of an idle 60,000 barrels per day SCANfining™ unit currently at another facility.





# STORAGE SOLUTIONS



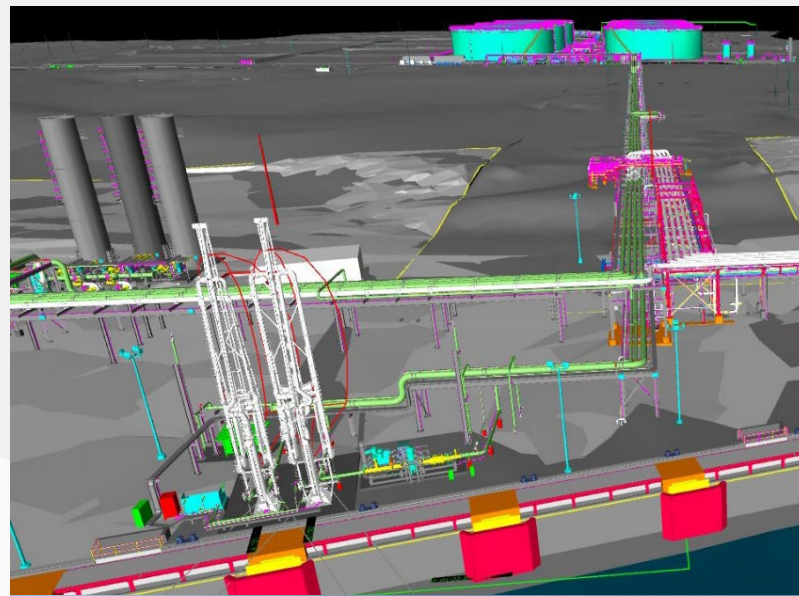
MODA  
midstream

Turnkey EPFC project

- 12 IFR API 650 Crude Tanks
- Full BOP support construction
- Marine loading upgrades to accommodate VLCC vessels



MATRIX SERVICE  
COMPANY





# STORAGE SOLUTIONS



Liquid Fuels Marine Terminal,  
Veracruz, Mexico

Engineering, procurement,  
fabrication and tank construction  
management

12 tank terminal being built by  
Infraestructura Energetica Nova S A  
B de C. V. (Ienova) at the Port of  
Veracruz





# STORAGE SOLUTIONS



EPC of 1,000,000 gallon  
LNG cryogenic tank at small-  
scale LNG terminal





# ELECTRICAL INFRASTRUCTURE



- Greenfield 500/230kV Substation
- 500kV yard structures, equipment and bus including four (4) 500kV breakers and associated switches
- 138/69kV yard structures, equipment, and bus
- New control house, relays and yard cable
- All below grade grounding, conduit and Trenwa
- Site lighting



# STORAGE SOLUTIONS



EPC of all six gathering terminals for the Dakota Access Pipeline, one of the largest pipeline systems in the Bakken

- The pipeline connects the Bakken and Three Forks production areas in North Dakota to Patoka, Illinois
- Each terminal has a working capacity ranging from 200,000 to 600,000 barrels





# INDUSTRIAL

Construction of a new continuous galvanizing line (CGL) to support increased demand for advanced high-strength steels.



# OIL GAS & CHEMICAL



Shell Deer Park Refinery Maya II Coke Drum Replacement on a single derrick, two-drum structure

- Installed two new Coke Drums, each 18” greater in diameter than the existing drums and each weighing 1.1 million pounds
- Required substantial infrastructure expansion before the replacement could occur

Ongoing work at other Shell locations across the country





# ELECTRICAL INFRASTRUCTURE



In the wake of Hurricane Irma which left millions of homes and businesses without power, Matrix NAC teams deployed 30 bucket and line trucks and 60+ employees to assist customers including Florida Power & Light, TECO and Georgia Power



# OIL GAS & CHEMICAL



Final design for engineering and construction of a 200 mmscfd natural gas processing plant

- Plant expansion involved integration of a Thomas Russell cryogenic plant, an amine liquid treater, thermal oxidizer, flare, compressors, control system expansion and programming at the Godley, TX facility.
- The new plant was integrated into the space between existing operating plants
- In addition to FEED services, additional phases included balance of plant engineering, integration of the master P&IDs, project management, purchase of engineered equipment, development of a coordinated project schedule, and assistance on commissioning and start-up





# OIL GAS & CHEMICAL



30+ year relationship, serving as primary onsite contractor for BP Cherry Point Refinery including engineering, construction, maintenance and repair work

Nearly 300 employees onsite daily providing maintenance and repair and capital construction services, with 900+ onsite during major turnarounds

Ongoing work at other BP sites across the country



# STORAGE SOLUTIONS



**SOUTHWEST GAS**

Engineering, procurement and construction for the Southern Arizona Reliability Project LNG storage and vaporization facility, which includes a 2.8 million gallon single containment LNG storage tank, as well as a 65,000 MCF/day vaporization unit





# OIL GAS & CHEMICAL



30+ year relationship providing safe, quality work at its refineries in Oklahoma, Kansas, New Mexico and Wyoming

- Complex and schedule-critical heavy turnarounds
- Ongoing turnaround, maintenance and repair services
- Industrial cleaning
- New construction
- Tank maintenance and repair
- New tank construction



# STORAGE SOLUTIONS



Long-standing relationship across the U.S. and Canada

- Design and construction to date of more than 8.3 million barrels of storage
- Terminal balance of plant construction





# INDUSTRIAL



Mechanical and electrical installation for ArcelorMittal Dofasco's galvanized steel line, capable of producing 700,000 tons of steel per year



# OIL GAS & CHEMICAL



Compressor station layout, piping design, civil design, instrumentation and electrical for multiple locations

- Charley CPF 3 & 4
- Cove Creek CPF 2, 3, & 4
- Gravel Hill CPF 2 & 4
- Griffin Mtn CPF 2
- Midge CPF 2 & 5
- NE Charley CPF 1 & 2
- NW Charley CPF 1 & 2
- New Quitman CPF 1, 2, 3, & 4
- Phillips Mts CPF 1, 2 & 3
- Pike CPF 1
- South Brownie CPF 1 & 2
- South Rainbow CPF 4
- Steelhead CPF 1, 2 & 3
- Sturgeon CPF 3
- Tiger CPF 1 & 2
- W. Cutthroat CPF 2

*All stations include 4-12 compressors*





# INDUSTRIAL



## Port Sutton | Tampa FL

- Bulk storage building was designed as a warehouse to meet site constraints, while maximizing storage capacity for multiple product divisions
- Building receives product from the existing ship and rail receiving systems
- Terminal provides storage for urea, ammonia nitrate, ammonia sulfate, potash and diammonium phosphate (DAP)

Multidiscipline engineering design for the development of a new bulk storage building, reclaim system and truck loadout system equipped with new scales



# OIL GAS & CHEMICAL



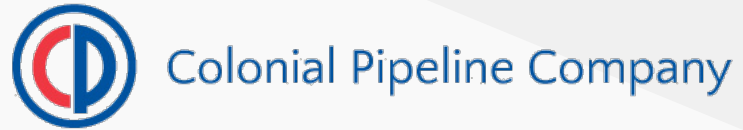
EPC of liquid propane unloading system from the railroad cars to the existing truck loading station or through dehydration and refrigeration to the existing refrigerated storage tank.

- Railcar unloading rack (14) cars with track space for (14) additional cars storage
- Gas compressors for unloading railcars to bullet tanks
- (2) 90,000 gallon bullet tanks with piled foundations
- (2) 500 GPM pumps to feed the existing truck loading station with 1,000 GPM dedicated to truck loading and 360 GPM available to the Dehydration & Refrigeration Systems then to the Refrigerated Storage Tank





# STORAGE SOLUTIONS



- Engineering, drafting, procurement, fabrication and construction of a sphere and 9 tanks, foundation
- Design and erection for foundations
  - Nine (9) tanks 1.7 million bbls total capacity:
    - (60' dia. -196' dia. ) x 50' Ht
    - One 41,000 bbl (76' diameter) Sphere
- Also included construction of catwalks, pipe bridges and platforms

