

First Quarter Fiscal 2021 September 30, 2020



**MATRIX SERVICE
COMPANY**

Move to a higher standardSM



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

BUSINESS DISCUSSION AND OUTLOOK

OUR ORGANIZATIONAL STRUCTURE



Collectively, our organizational structure enables us to pursue broader opportunities and service our clients with the full strength of the enterprise across North America and in select international markets.



Serving on the AST sub-committee, SCAST, which covers design and construction standards for:

- API 620** – Large, welded, low-pressure storage tanks
- API 625** – Tank systems for refrigerated liquefied gas storage
- API 650** – Welded steel tanks for oil storage
- API 653** – Tank inspection, repair, alteration and reconstruction
- API 2510** - Liquefied propane gas (LPG) installations



Serving on the ACI 376 committee, dedicated to improving the design, construction, manufacture and maintenance of concrete structures for the containment of refrigerated liquefied gases and commentary



Serving in multiple leadership positions focused on enhancing the business effectiveness and sustainability of the capital facility life cycle through research, related initiatives, and industry alliances

Our employees serve in key leadership roles across multiple industry organizations, driving continuous improvement across the engineering and construction industry



Our employees have served for decades in key leadership rolls for numerous labor and industry associations, including:

- Appalachian Construction Users Council (ACUC)
- Association of Maintenance Contractors (AMC)
- International Brotherhood of Electrical Workers (IBEW)
- National Electrical Contractors Association
- Operating Engineers National Training Fund
- Boilermakers Tripartite Committee*
- Construction Users Roundtable (CURT)
- Construction Industry Institute*
- The Association of Union Constructors (TAUC)
- National Association of Construction Boilermaker Employers (NACBE)
- National Maintenance Agreement Policy Committee (NMAPC)
- North American Contractors Association
- Occupational Safety and Health Association(OSHA)
- Helmets to Hardhats



*Since inception

Our employees are active in numerous industry organizations:

- American Concrete Institute (ACI)
- American Fuel and Petrochemical Manufacturers (AFPM)
- American Petroleum Institute (API)
- American Society of Mechanical Engineers
- American Society of Safety Engineers
- Bay Area Training Trust
- Construction Industry Institute (CII)
- Independent Liquid Terminals Association (ILTA)
- National Commission for the Certification of Crane Operators
- National Center for Construction Education and Research
- National Institute for Storage Tank Management (NISTM)
- National Safety Council (NSC)
- Northwest Construction Consumer Council (NWCCC)
- Occupational Safety and Health Association (OSHA)
- Western States Petroleum Association (WSPA)



NEW REPORTING SEGMENTS



UTILITY & POWER INFRASTRUCTURE

MARGINS: 10 – 12%

Power generation
Power delivery
LNG peak shaving
Renewable power

Grid connectivity
Battery storage
Data cabling
Data centers

PROCESS & INDUSTRIAL FACILITIES

MARGINS: 9 – 11%

Midstream natural gas
Renewables/Biofuels
Mining and minerals
Chemical / petrochemical
Industrial facilities

Refineries
Fertilizer
Sulfur
Aerospace

STORAGE AND TERMINAL SOLUTIONS

MARGINS: 10 – 12%

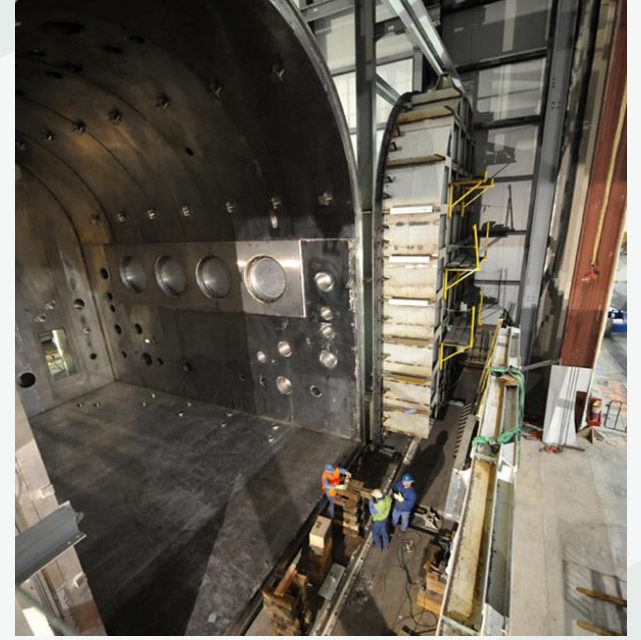
Crude tanks & terminals
LNG tanks & terminals
NGL tanks & terminals
Tank products
Tank repair & maintenance

LNG bunkering
Specialty vessels
Renewable energy
EPC

Our project pipeline includes over **\$8 billion** in projects across all three segments, **\$4 billion** of which have anticipated award dates in fiscal 2021.



UTILITY AND POWER INFRASTRUCTURE



PROCESS AND INDUSTRIAL FACILITIES



STORAGE AND TERMINAL SOLUTIONS

COST REDUCTIONS

FY 2020

Implemented plan to reduce annual overhead cost structure by \$45 million or 18 percent

- Quarterly reduction of \$11 million

FY 2021

- Realization of FY20 cost reductions
- Continued focus on reducing costs
- Balancing cost reductions with revenue recovery outlook

We will continue to manage the appropriate balance between cost and winning and executing our work and will keep a strong balance sheet through controlling costs, minimizing capital expenditures, managing cash flow, and maintaining minimal or no debt

COST REDUCTIONS

FY 2020

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- Quarterly reduction of \$11 million

FY 2021

- Realization of FY20 cost reductions
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- Balancing cost reductions with revenue recovery outlook

1Q, FY 2021

- Construction overhead costs down \$10.4 million
- SG&A down \$5.6 million
- Total quarterly overhead costs down \$16 million or 25 percent as compared to 1Q FY20

FISCAL 2021 | FIRST QUARTER RESULTS

(\$ in thousands, except EPS)

	1Q21		1Q20		
Revenue	\$	182,771	\$	338,097	
Gross Profit		14,350	7.9 %	32,465	9.6 %
SG&A		18,128	9.9 %	23,691	7.0 %
Operating income (loss)		(3,458)	(1.9)%	8,774	2.6 %
Net Income (loss)		(3,037)	(1.7)%	6,151	1.8 %
Earnings (loss) per share		(0.12)		0.22	
EBITDA		2,247	1.2 %	14,030	4.1 %
Adjusted EBITDA		1,927	1.1 %	14,030	4.1 %
Backlog		678,427		1,081,940	
Awards		102,733		321,688	
Book-to-bill ratio		0.6		1.0	

Despite direct margin performance above our normal expectations and significant cost reductions, a 46% decline in revenue resulted in lost direct margin opportunity and high under recovery of construction overhead costs.

Q1 FY21 SEGMENT RESULTS

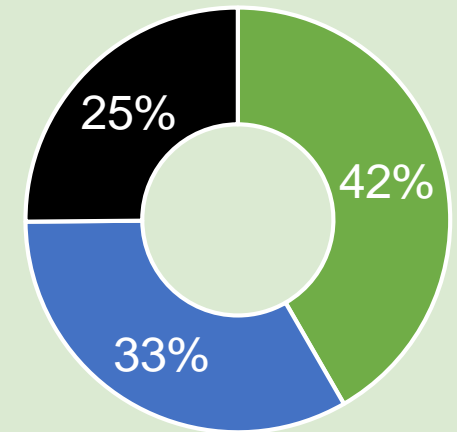
(\$ in thousands)

1Q FY21	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Corporate	TOTAL
Revenue	\$ 60,671	\$ 45,931	\$ 76,169	\$ -	\$ 182,771
Gross Profit	\$ 6,913	\$ 3,659	\$ 3,778	\$ -	\$ 14,350
Gross Margin	11.4%	8.0%	5.0%		7.9%
Operating Income	\$ 4,680	\$ 109	\$ (1,378)	\$ (6,869)	\$ (3,458)
Operating Income %	7.7%	0.2%	(1.8%)		(1.9%)
Backlog	\$ 233,463	\$ 150,590	\$ 294,374		\$ 678,427
Awards	\$ 21,318	\$ 50,796	\$ 30,619		\$ 102,733
Book-to-bill ratio	0.4	1.1	0.4		0.6

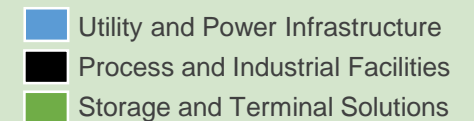
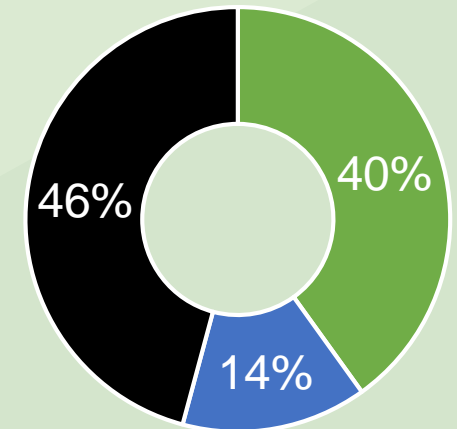
1Q FY20	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Corporate	TOTAL
Revenue	\$ 47,727	\$ 154,877	\$ 135,493	\$ -	\$ 338,097
Gross Profit	\$ (168)	\$ 13,590	\$ 19,742	\$ (699)	\$ 32,465
Gross Margin	(0.4%)	8.8%	14.6%		9.6%
Operating Income	\$ (2,800)	\$ 6,652	\$ 12,756	\$ (7,834)	\$ 8,774
Operating Income %	(5.9%)	4.3%	9.4%		2.6%
Backlog	\$ 254,904	\$ 368,181	\$ 458,855		\$ 1,081,940
Awards	\$ 30,791	\$ 146,819	\$ 144,078		\$ 321,688
Book-to-bill ratio	0.6	0.9	1.1		1.0

REVENUE

1Q, FY2021

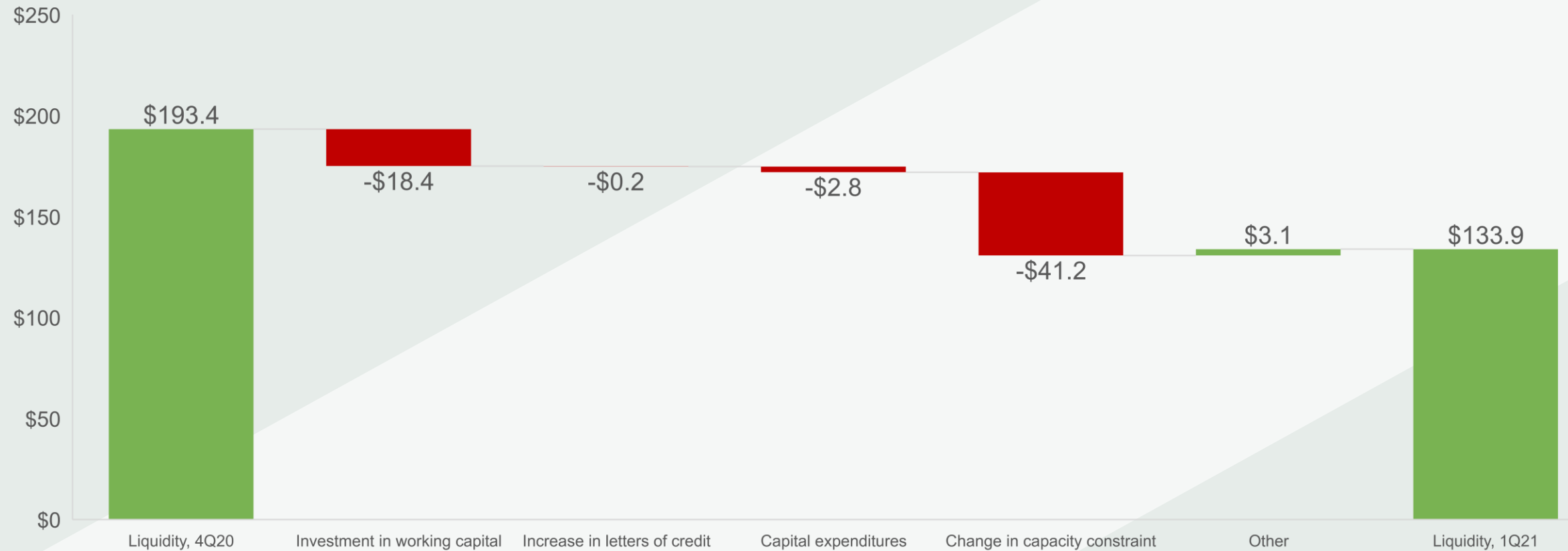


1Q, FY2020



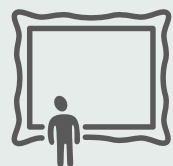
LIQUIDITY BRIDGE | 1Q FISCAL YEAR 2021

(\$ in millions)



Liquidity of \$133.9 million consists of cash of \$82.2 million and availability under the credit facility of \$51.7 million. While liquidity has decreased recently, it is still adequate to support the operations of the business.

LOOKING FORWARD



Big Picture

- Covid-19 impacted Q1 revenue volumes and results. Conditions still present in Q2
- Positive signs of recovery including \$8+ billion project funnel
- Expectations for improved project awards, increased revenue and improved operating results in 2nd half of FY21
- Significant cost reductions realized, and additional cost reduction actions being implemented position the Company for improved operating results as revenue volumes recover



Financial Expectations

**The following can be used for modeling purposes.*

<u>Long-term Expected Margin</u>	
Utility & Power Infrastructure	10% - 12%
Process & Industrial Facilities	9% - 11%
Storage & Terminal Solutions	10% - 12%

<u>Quarterly Consolidated SG&A</u>	
Run Rate	\$18 million

<u>Effective Tax Rate</u>	27%
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<u>Capital Expenditures (as % of revenue)</u>	
Fiscal 2021	1.0%
Long-term	1.5%

SUMMARY



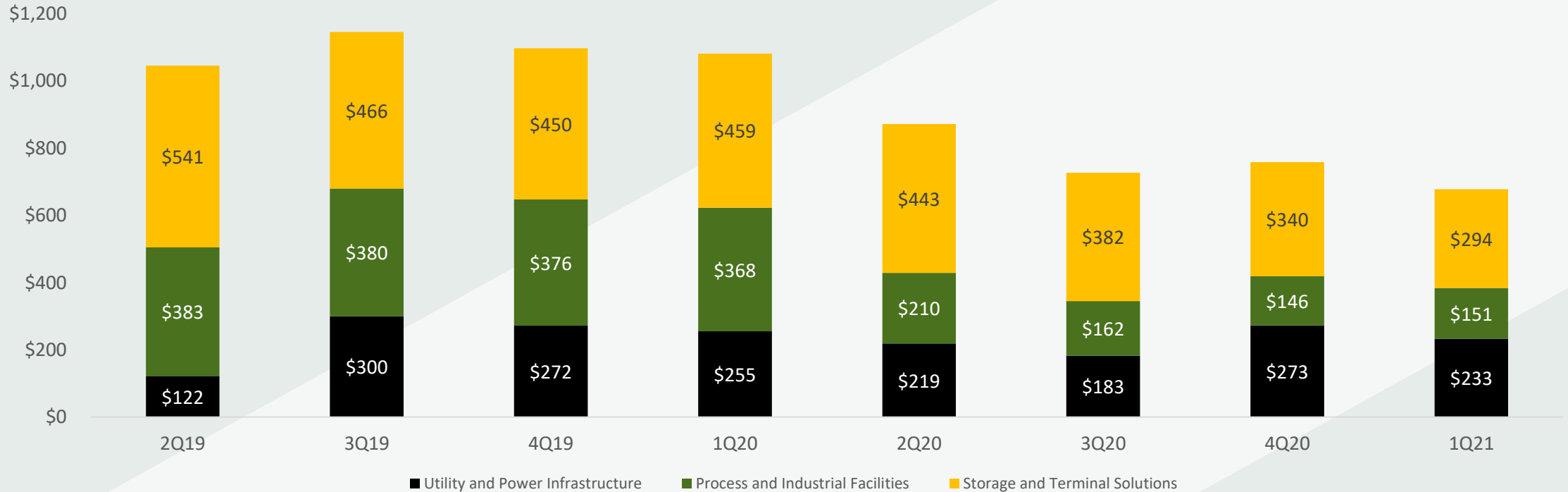
Q&A

APPENDIX

BACKLOG AT SEPTEMBER 30, 2020

PROJECT AWARD DISRUPTIONS DUE TO COVID-19

(\$ in millions)



Significant project awards continued to be delayed as evidenced by 1Q awards and book-to-bill.

ADJUSTED EBITDA

(\$ in thousands)

	Three Months Ended	
	September 30, 2020	September 30, 2019
Net income (loss)	\$ (3,037)	\$ 6,151
Restructuring costs	(320)	-
Interest expense	375	389
Provision (benefit) for income taxes	270	2,711
Depreciation and amortization	4,639	4,779
Adjusted EBITDA	\$ 1,927	\$ 14,030