



# FY23 Q4 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.



# INVESTOR CONFERENCES AND CORPORATE ACCESS OPPORTUNITIES

SEPTEMBER 21 – 22

D. A. Davidson Annual Diversified Industrials & Services Conference  
Nashville, Tennessee

OCTOBER

Virtual Non-Deal Roadshow hosted by Rose & Company

NOVEMBER 14

Matrix virtual Annual Stockholder Meeting

NOVEMBER 15 – 16

Sidoti Micro-Cap Virtual Conference

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## CONTACT

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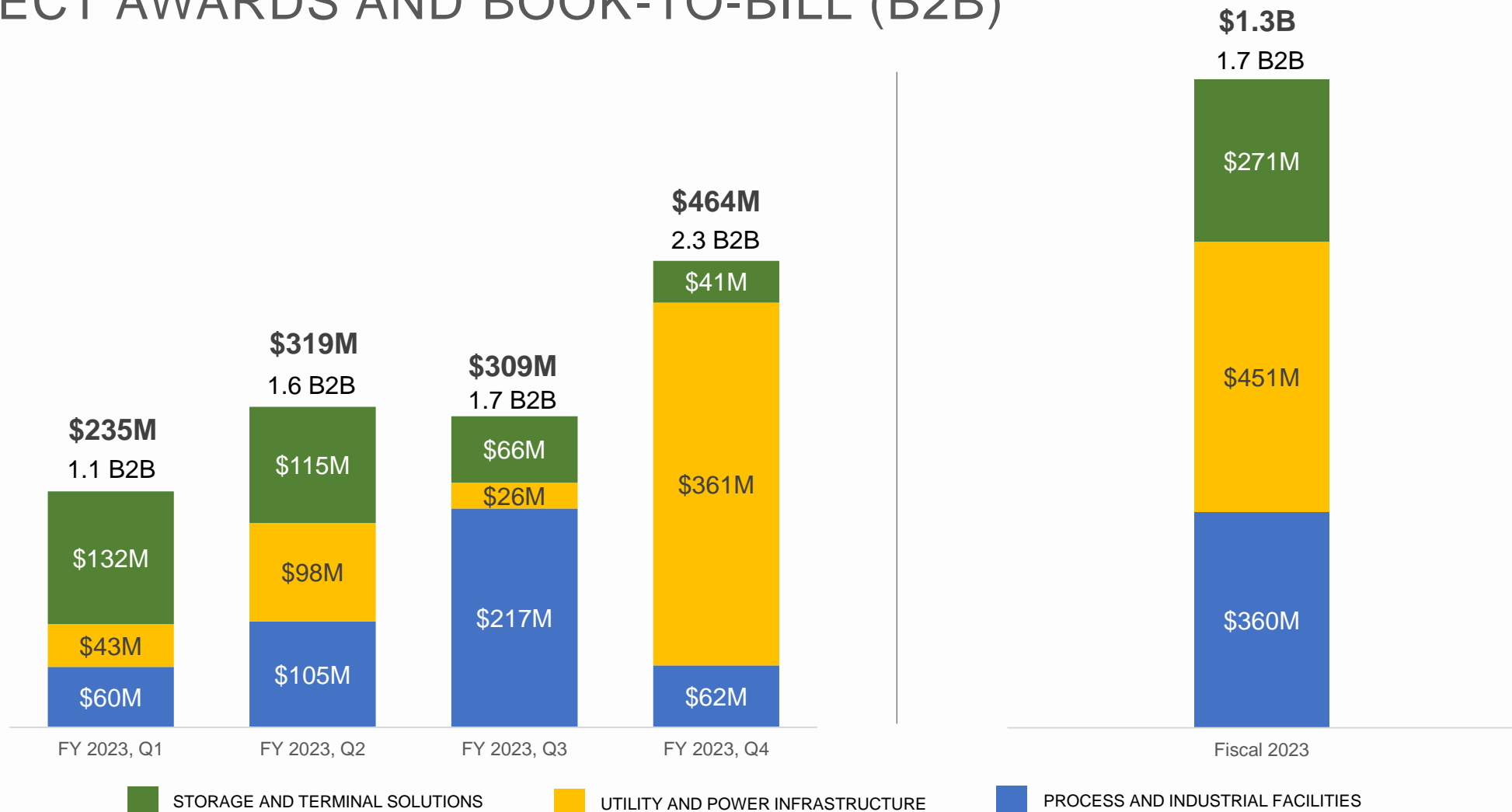
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# SAFETY MOMENT

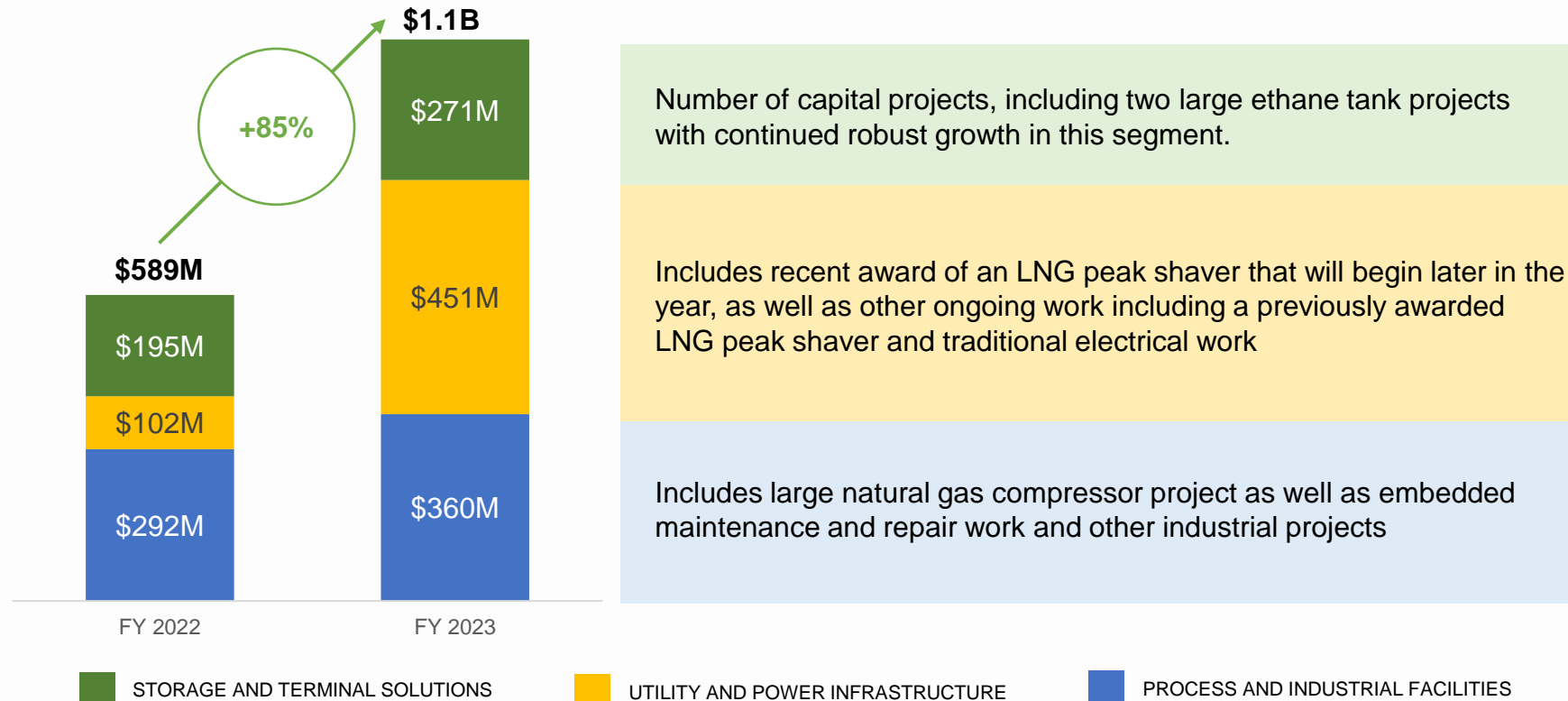
# CEO COMMENTARY

# PROJECT AWARDS AND BOOK-TO-BILL (B2B)



We generated \$464 million in awards in FY 2023, Q4 – the highest quarterly awards in five years. FY 2023, Q4 book-to-bill ratio was 2.3 – our eighth consecutive quarter at or above 1.0.

# JUNE 30, 2023 BACKLOG | \$1.1B, 85% YEAR-OVER-YEAR INCREASE



Strong growth in our core markets and strategic focus areas.  
More opportunities remain for further backlog build during FY 2024.

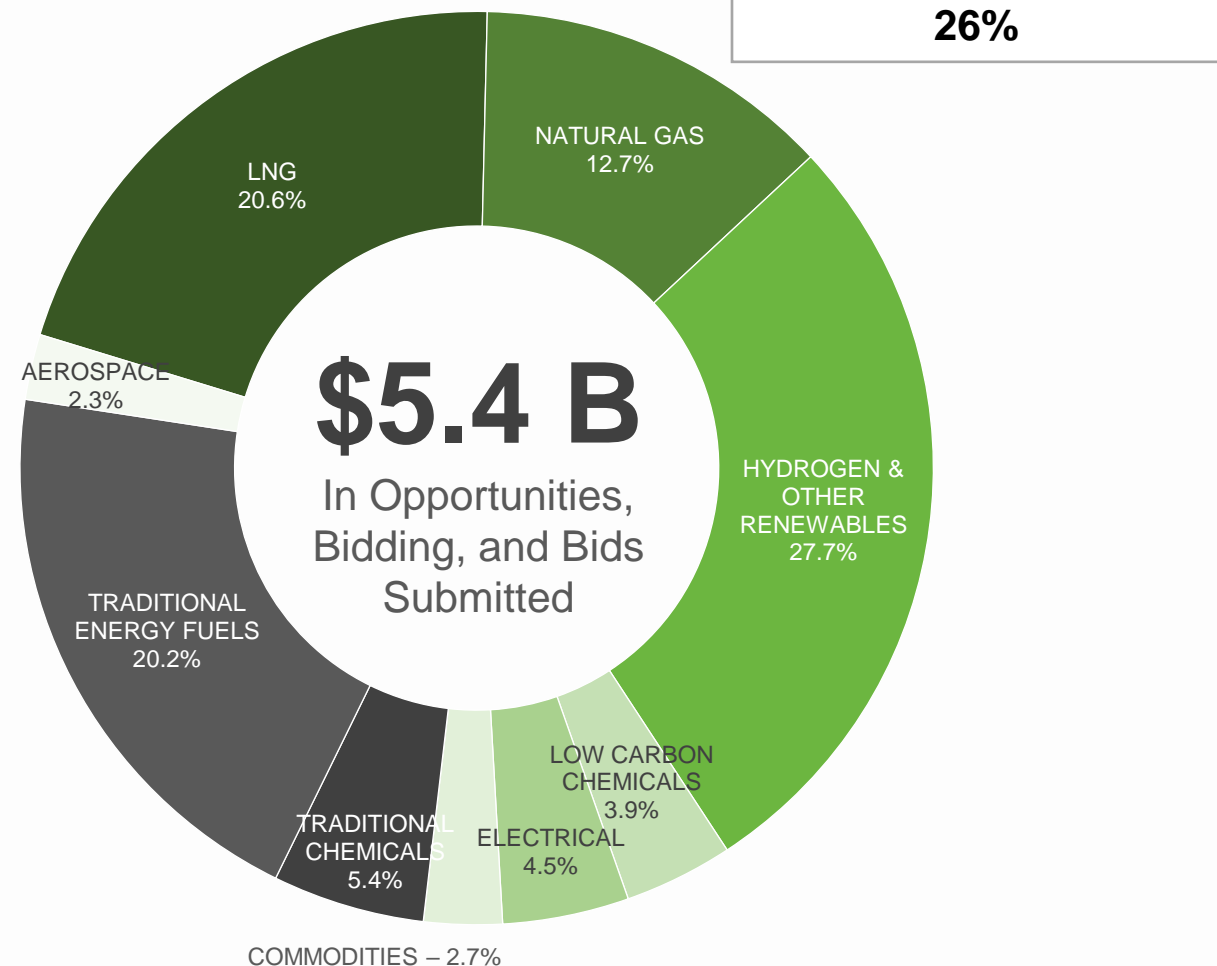
# OPPORTUNITY PIPELINE

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

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.

**Finding balance** between COH costs, opportunity conversion, and execution commitments.



Project Opportunity Pipeline data is as June 30, 2023, for projects of \$5 million or greater and does not include small capital projects or maintenance and repair.



# FINANCIAL REVIEW

## ISSUES IMPACTING THE BUSINESS IN FISCAL 2021 THROUGH FISCAL 2023

- Low revenue volume due to limited project award activity. Two years ago, backlog decreased to less than \$500M and quarterly revenue decreased to \$160M.
- Revenue was dominated by projects bid during a very competitive environment resulting in limited margin opportunity on projects awarded during the period.

These issues resulted in margin outcome well below our historical range, and revenue levels that cause under recovered construction overheads and poor leverage of SG&A.

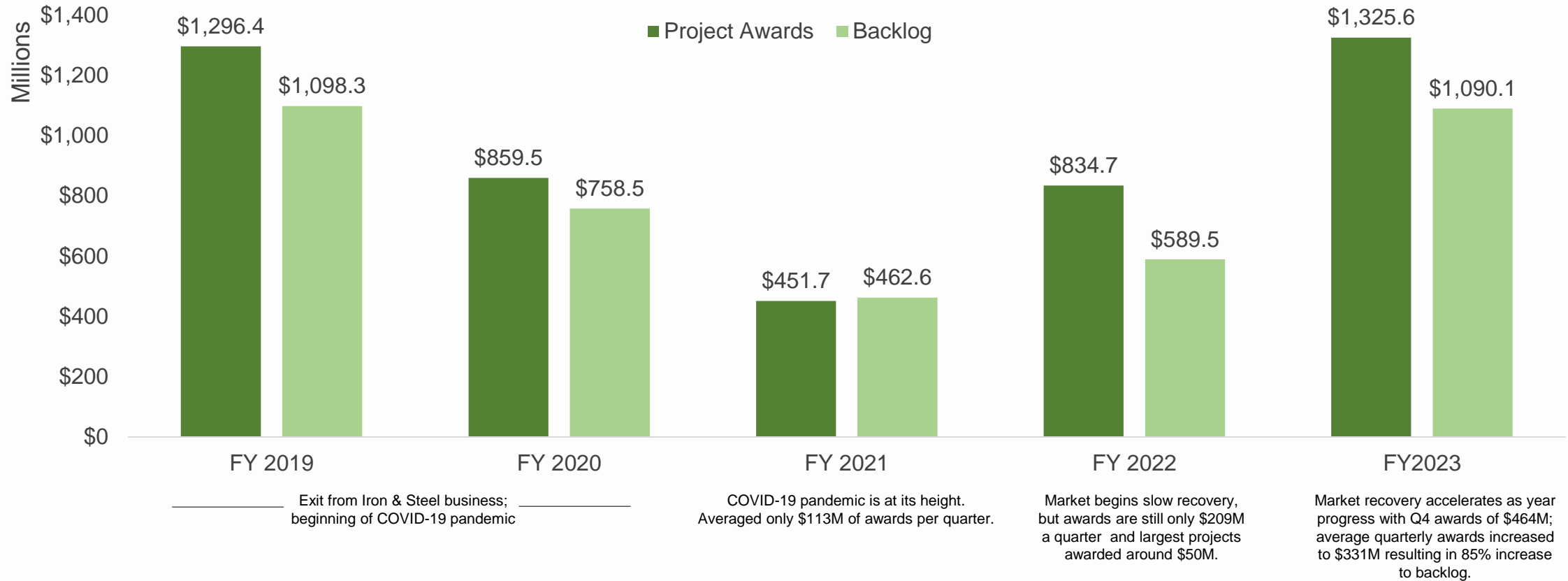
## IMPROVEMENT INITIATIVES AND RESULTS

- Reduced our overhead structure by 30% and have since continued to tightly manage costs.
- Focused the business to our core markets, closing non-core assets.
- Streamlined and transformed our business for the future with a focus on increasing efficiency, improving performance, and ultimately providing more consistent bottom line results and long-term sustainability for all stakeholders.

Our more focused approach to business development and our core markets is resulting in backlog growth with projects that present a better margin opportunity. This backlog growth is translating to higher quarterly revenue, which we expect to continue to increase.

**FY 2023, Q4 results demonstrate continued progress toward our business objectives.**

# PROJECT AWARDS AND BACKLOG



Backlog has increased to pre-pandemic levels and will drive higher revenue as we move through FY 2024 and beyond. This quality backlog will also allow us to fully recover our construction overhead, appropriately leverage SG&A, and improve overall operating results.

# QUARTERLY TREND | CONSOLIDATED

<i>(In millions except %)</i>	FY 2023, Q1	FY 2023, Q2	FY 2023, Q3	FY 2023, Q4
Revenue	\$ 208,431	\$ 193,040	\$ 186,895	<b>\$ 205,854</b>
Gross Profit (Loss)	13,008	(1,302)	4,419	14,695
Gross Margin	6.2%	(0.7%)	2.4%	<b>7.1%</b>
SG&A Expense	16,811	17,545	16,862	17,031
Adjusted Operating Income	(3,803)	(18,847)	(12,443)	<b>(2,336)</b>
Adjusted Operating Income %	(1.8%)	(9.8%)	(6.7%)	<b>(1.1%)</b>
Net Income (Loss)	(6,512)	(32,827)	(12,686)	(336)
Income (Loss) Per Share	\$ (0.24)	\$ (1.22)	\$ (0.47)	\$ (0.01)
Adjusted Loss Per Share	\$ (0.15)	\$ (0.53)	\$ (0.33)	<b>\$ (0.11)</b>
Adjusted EBITDA	\$ 844	\$ (13,090)	\$ (7,736)	<b>\$ 2,283</b>

- Revenue increased 10% from the prior quarter as the contribution to revenue of newly awarded projects has begun to make an impact.
- Gross Margin improved from the prior quarter due to strong project execution and improved construction overhead recovery.

Improvements in revenue and gross margin resulted in a loss per share of \$0.01 and a return to positive Adjusted EBITDA during the quarter.

# QUARTERLY TREND | STORAGE & TERMINAL SOLUTIONS

<i>(In millions except %)</i>	FY 2023, Q1	FY 2023, Q2	FY 2023, Q3	FY 2023, Q4
Revenue	\$ 76,933	\$ 62,516	\$ 52,165	<b>\$ 64,079</b>
Gross Profit (Loss)	7,564	1,648	(810)	2,067
Gross Margin	9.8%	2.6%	(1.6%)	<b>3.2%</b>
SG&A Expense	4,158	5,450	5,735	4,712
Adjusted Operating Income	3,406	(3,802)	(6,545)	<b>(2,645)</b>
Adjusted Operating Income %	4.4%	(6.1%)	(12.5%)	<b>(4.1%)</b>

- Revenue was lower than expected based on project execution schedules.
- Gross Margin was impacted by 500-basis points due to under-recovery of construction overhead costs.
- Expect revenue increases as we move through FY 2024.

Operating performance expected to improve as recent project awards begin to meaningfully impact revenue in FY 2024; prospects for short- and long-term recovery is high with the recent and anticipated project awards.

# QUARTERLY TREND | UTILITY & POWER INFRASTRUCTURE

<i>(In millions except %)</i>	FY 2023, Q1	FY 2023, Q2	FY 2023, Q3	FY 2023, Q4
Revenue	\$ 44,870	\$ 50,535	\$ 35,024	<b>\$ 39,075</b>
Gross Profit (Loss)	1,714	2,426	2,790	3,770
Gross Margin	3.8%	4.8%	8.0%	<b>9.6%</b>
SG&A Expense	1,738	1,787	1,869	1,651
Adjusted Operating Income	(24)	639	921	<b>2,119</b>
Adjusted Operating Income %	(0.1%)	1.3%	2.6%	<b>5.4%</b>

- Strong execution with full recovery of construction overhead costs.
- Peak shaver revenue will begin to impact results beginning in FY 2024, Q2.
- Book-to-bill of 9.2 in the quarter is the result of a recent multi-year peak shaver award.

Revenue improvement over several years is expected with increased peak shaver work on an existing project, as well as the recently announced project award.

Longer-term outlook includes strong funnel with additional peak shaver opportunities.

# QUARTERLY TREND | PROCESS & INDUSTRIAL FACILITIES

*(In millions except %)*

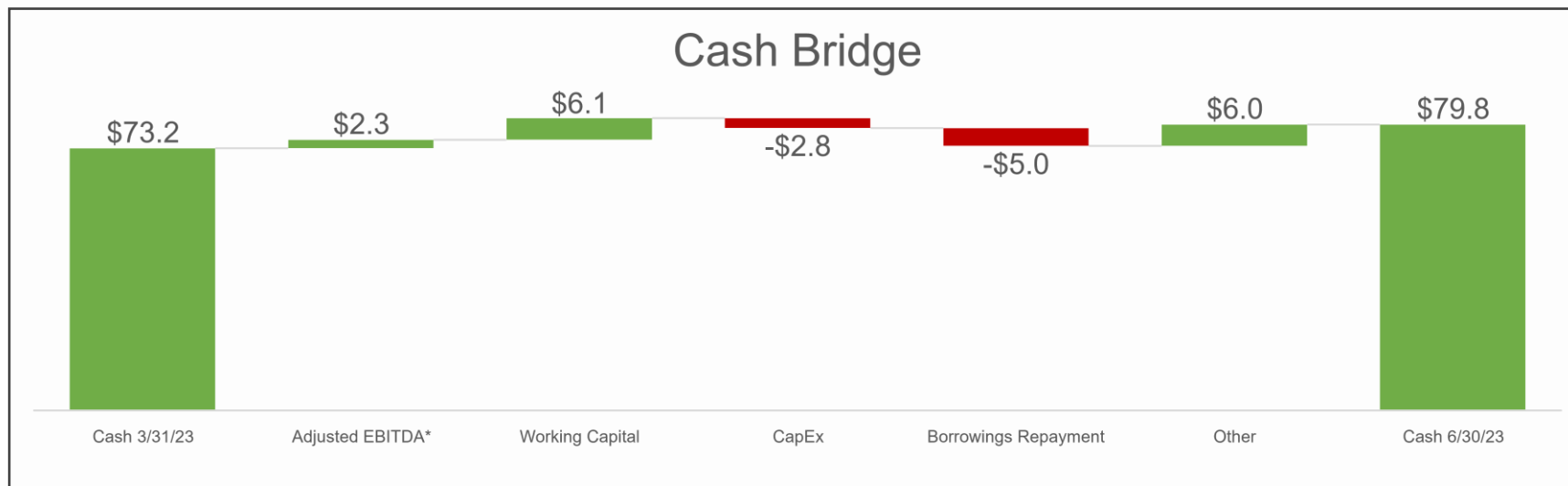
	FY 2023, Q1	FY 2023, Q2	FY 2023, Q3	FY 2023, Q4
<b>Revenue</b>	\$ 86,628	\$ 80,789	<b>\$ 99,706</b>	<b>\$ 102,700</b>
<b>Gross Profit (Loss)</b>	4,330	(5,131)	3,160	8,397
<b>Gross Margin</b>	5.0%	(6.4%)	<b>3.2%</b>	<b>8.2%</b>
<b>SG&amp;A Expense</b>	4,070	3,682	3,556	3,601
<b>Adjusted Operating Income</b>	260	(8,813)	<b>(396)</b>	<b>4,796</b>
<b>Adjusted Operating Income %</b>	0.3%	(10.9%)	<b>(0.4%)</b>	<b>4.7%</b>

- Completion of lower margin gas processing work.
- Other work in the segment, including refinery turnaround and maintenance, aerospace, and a renewable diesel project, which amounted to approximately 80% of segment revenue, produced a gross margin of approximately 10% on strong project execution tributed to margin performance.

Revenue will temporarily decrease in FY 2024 with the completion of the gas processing project, as well as the sale of certain non-core assets. This decrease is expected to reverse given the drivers for the various markets served by this segment, as well as a large capital project in backlog that is scheduled to benefit revenue in early FY 2025.

# FISCAL YEAR 2023, Q4

(\$ in millions)



Strategic management of the balance sheet puts the Company in a position to support the growth in the business in FY 2024.

# OUTLOOK



Economic and market drivers bring **significant tailwinds**.

**Strong backlog** with recurring revenue streams and multi-year projects.

Growth prospects with strong opportunity pipeline **end markets with long runway**.

Brand strength reputation with **excellent customer relationships and safety culture**.

**Consistently strong balance sheet** with financial and operational strength.

KEY LONG-TERM FINANCIAL TARGETS*	
< 6% Net Working Capital	< 6.5% SG&A target
> 4.5% Operating Margin target	> 12% ROIC target
> 6.5% EBITDA target	< 1.5% CAPEX target

\*Expect to achieve these targets within the next 12-18 months

With existing backlog and strong end-markets, MTRX is well-positioned to achieve our key financial targets and provide value appreciation for our stockholders.



# APPENDIX

# ADJUSTED EBITDA

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Income (Loss), as reported	\$ (336)	\$ 13,456	\$ (52,361)	\$ (63,900)
Goodwill Impairment	–	–	12,316	18,312
Gain on Sale of Assets	(2,905)	(32,392)	(2,905)	(32,392)
Restructuring Costs	261	924	3,142	646
Stock-Based Compensation	1,637	2,054	6,791	7,877
Interest Expense	468	246	2,024	2,951
Provision (Benefit) for Income Taxes	(37)	53	(400)	5,617
Depreciation and Amortization	3,195	3,697	13,694	15,254
Adjusted EBITDA	\$ 2,283	\$ (11,962)	\$ (17,699)	\$ (45,635)

# ADJUSTED NET LOSS

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Income (Loss), as reported	\$ (336)	\$ 13,456	\$ (52,361)	\$ (63,900)
Goodwill Impairment	–	–	12,316	18,312
Gain on Sale of Assets	(2,905)	(32,392)	(2,905)	(32,392)
Restructuring Costs	261	924	3,142	646
Accelerated Amortization of Deferred Debt Amendment Fees	–	–	–	1,518
Tax Impact of Adjustments and Other Net Tax Items	681	8,100	(3,231)	4,464
Deferred Tax Valuation Allowance	(752)	(3,926)	12,595	17,943
Adjusted Net Loss	\$ (3,051)	\$ (13,838)	\$ (30,444)	\$ (53,409)
Income (Loss) per Fully Diluted Share	\$ (0.01)	\$ 0.50	\$ (1.94)	\$ (2.39)
Adjusted Loss per Fully Diluted Share	\$ (0.11)	\$ (0.52)	\$ (1.13)	\$ (2.00)

# RECONCILIATION OF CERTAIN NON-GAAP MEASURES

	THREE MONTHS ENDED JUNE 30, 2023				
	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
Operating Income (Loss)	\$ (2,630)	\$ 2,119	\$ 4,627	\$ (6,713)	\$ (2,597)
Restructuring Costs	(15)	—	169	107	261
Adjusted Operating Income (Loss)	\$ (2,645)	\$ 2,119	\$ 4,796	\$ (6,606)	\$ (2,336)

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

# RECONCILIATION OF CERTAIN NON-GAAP MEASURES

	TWELVE MONTHS ENDED JUNE 30, 2023				
	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
Operating Income (Loss)	\$ (10,553)	\$ 3,617	\$ (17,441)	\$ (28,510)	\$ (52,887)
Goodwill Impairment	–	–	12,316	–	12,316
Restructuring Costs	969	37	972	1,164	3,142
Adjusted Operating Income (Loss)	\$ (9,584)	\$ 3,654	\$ (4,153)	\$ (27,346)	\$ (37,429)

	TWELVE MONTHS ENDED JUNE, 2022				
	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	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)