



Investor Presentation June 2020

Third Quarter Ended
March 31, 2020



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



Storage Solutions

- Leader in above ground storage tanks and terminals for crude oil, LNG and NGLs
- Expertise and capabilities to manage full-cycle projects for small- to mid-sized LNG terminals
- Significant bidding and pipeline opportunities with the opportunity for near term major awards



Oil, Gas & Chemical

- Over 35 years of proven experience with refinery maintenance and repair, capital projects and turnarounds
- Expanding market penetration with new and existing customers in natural gas processing and sulfur recovery, processing and handling
- Extending expertise into petrochemical market



Electrical Infrastructure

- Proven leader in power delivery and power generation services with primary service areas in the Mid-Atlantic and North East
- Executing on an business improvement plan on power delivery work
- Exploring M&A opportunities to extend geographic footprint faster and more efficiently



Industrial

- Serving aerospace, fertilizer, cement, grain and general manufacturing industries
- Reorganization of the operations due to our exit of U.S. Iron and Steel market
- Likely to collapse the balance of the services into other reporting segments beginning in FY21

Feasibility, FEL, FEED, process design and preliminary engineering



Technology integration and services



Detail engineering



Procurement



Fabrication and construction



Commissioning



Ongoing maintenance and repair

MATRIX VALUE PROPOSITION

PURPOSE

We build a brighter future, improve quality of life, and create long-term value for our people, business partners, shareholders, and communities.

OUR VISION FULFILLS THIS PURPOSE

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

WITH THIS VISION WE IMPROVE QUALITY OF LIFE



STORAGE TERMINALS

Moving Products to Market



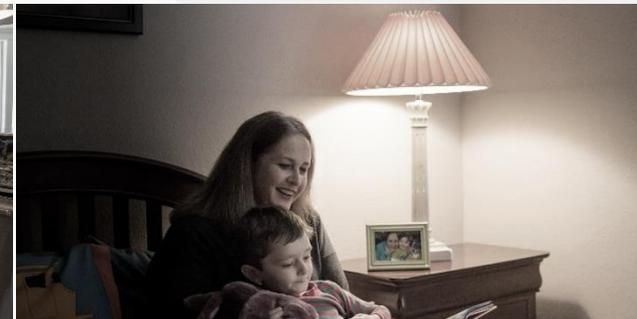
REFINED PRODUCTS

Transportation, Fuels, Chemicals, Lubricants



NATURAL GAS VALUE CHAIN

Chemicals, Heating, Power Generation, Cooking



ELECTRICAL ENERGY

Homes and Businesses

OUR CORE VALUES ARE THE FOUNDATION OF OUR SUCCESS

Our commitment 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®

IMPACT OF COVID-19 AND BUSINESS RESPONSE



Health & Safety

- COVID-19 specific mitigation plan quickly developed and implemented across the company
- Worked with clients to develop new, enhanced processes to integrate best practices while maintaining productivity
- ~1,000 administrative and engineering team members transitioned to working remotely in March
- Back to office planning is underway based on certain health related criteria; target start date is July 1st



Operations

- Majority of projects and maintenance sites continued to work or experienced limited suspensions or staffing reductions
- Impact to oil and gas segment significant as turnarounds and refinery maintenance have been delayed or suspended
- Macro environment may impact start dates on awarded projects and award dates for proposals in progress
- Some project award delays, but previously discussed LNG Peak Shaving project awarded in fourth quarter



Financial Plan

- Strong liquidity position and balance sheet appropriately managed for cyclical nature of clients' industries
- Cost reduction initiatives to ensure our cost structure is appropriate for the current environment
- Actions to result in ~\$40 million in annual operating costs savings
- All non-critical capital expenditures minimized for the rest of fiscal 2020 and early fiscal 2021

FY2020 THIRD QUARTER DEVELOPMENTS

REVENUE

\$248M

down 31% over the prior year

EPS

(\$0.21)

includes non-cash charges

Adj. EBITDA

2.0%

excludes non-cash charges

LIQUIDITY

\$216M

includes cash of \$88 million

Adj. EPS

(\$0.02)

excludes non-cash charges

BACKLOG

\$727M

on project awards of \$113M

- Liquidity of \$216 million including \$88 million in cash as of March 31; cash balance has subsequently increased an additional \$20 million in the fourth quarter
- Backlog of \$727 million on project awards of \$113 million; significant near term LNG booking opportunities in the fourth quarter including Eagle LNG and a LNG Peak Shaving project in the western United States
- Storage Solutions reported fourth quarter in a row with over \$140 million in revenue and 12.5% in gross margins
- Oil Gas & Chemical reported \$52 million in revenue and 5.6% in gross margins as a result of under-recovered construction overhead costs on lower than expected volume
- Electrical Infrastructure reported \$28 million in revenue and 2.6% in gross margins as a result of under-recovered construction overhead costs; an improvement plan for the Power Delivery business is underway
- Repurchased 548,000 shares of stock for \$7.1 million during the third quarter.
- Incurred restructuring costs of \$6.6 million in Q3



Storage Solutions

LEVERAGING OUR BRAND FROM TANKS TO TERMINALS

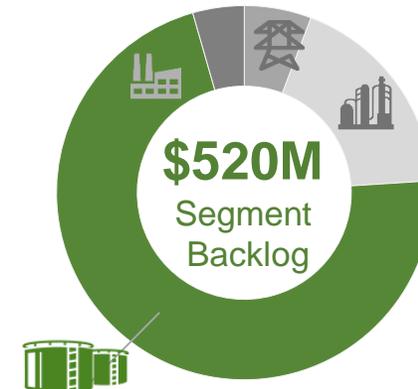
Building opportunity pipeline in LNG and crude infrastructure

Recent developments

- Generated revenue of \$143.7 million in FY20 Q3 and \$60.6 million in awards
- Duke Energy's Piedmont Natural Gas LNG Peak Shaving facility is under construction
- Bidding activity remains strong across crude, small to mid-scale LNG, and NGL's with significant near-term booking opportunities

Primary market drivers

- Changing client CapEx spending driven by macro economic backdrop
- Need for mid-size LNG terminals to support peak shaving, bunkering, and power generation in off-grid and remote locations
- Demand for logistics terminals to support North American crude oil, LNG and NGLs, as well as export capabilities and other related energy infrastructure
- Caribbean and Latin America demand for Natural Gas creating storage and terminal opportunities



71.6%
of \$727M total backlog

0.4x

Book-to-bill ratio
in FY20 Q3



Draw on our full EPC and terminal capabilities to accelerate growth

Take advantage of our strong expertise in LNG

Global Energy Demand creating Terminal Logistic needs



OPERATING IMPROVEMENT PLAN ONGOING

Focused on corrective actions to improve performance

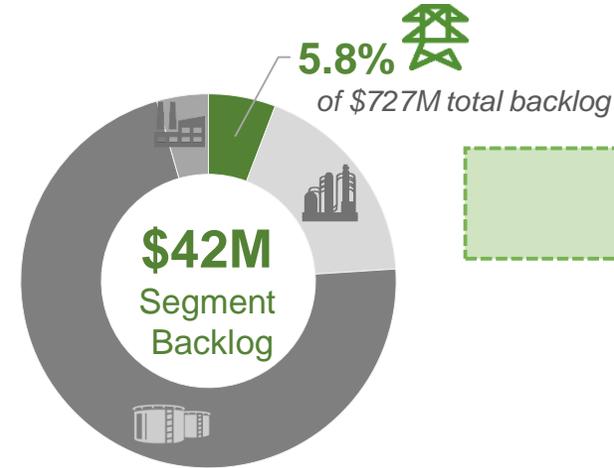
Electrical Infrastructure

Recent developments

- Generated revenue of \$28.4 million in FY20 Q3 and \$15.1 million in awards
- The prime service territory for our current delivery market is in the Northeast and Mid-Atlantic which has been a hot spot for COVID-19
- Power delivery improvement plan is having a positive impact with strong direct margins, and increases in project bidding opportunities
- Continued success in power generation package work is leading to ongoing bidding opportunities

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



0.5x
Book-to-bill ratio
in FY20 Q3



EVERSOURCE

Exelon



PSEG



nationalgrid



Focus on operating improvements in power delivery

Long term plan to grow through acquisitions

Renewables gateway



ELECTRICAL IMPROVEMENT PLAN

Electrical Infrastructure

- Upgrade leadership and project execution talent to support business improvement and expansion plans
- Expand business development staff to support growth of the business
- Increase number of Contractor of Choice/Master Service Agreements to improve recurring revenue
- Expand services to include civil construction
- Continue to pursue natural gas power generation package work
- Capitalize on opportunities in renewables and energy storage
- Acquire businesses to enter new markets that require system upgrades and expand T&D capabilities



Nationwide long-term infrastructure and renewable investments support our coast-to-coast electrical brand strategy



Oil, Gas & Chemical

EXPANDING MARKET SHARE WITH NEW AND EXISTING CLIENTS

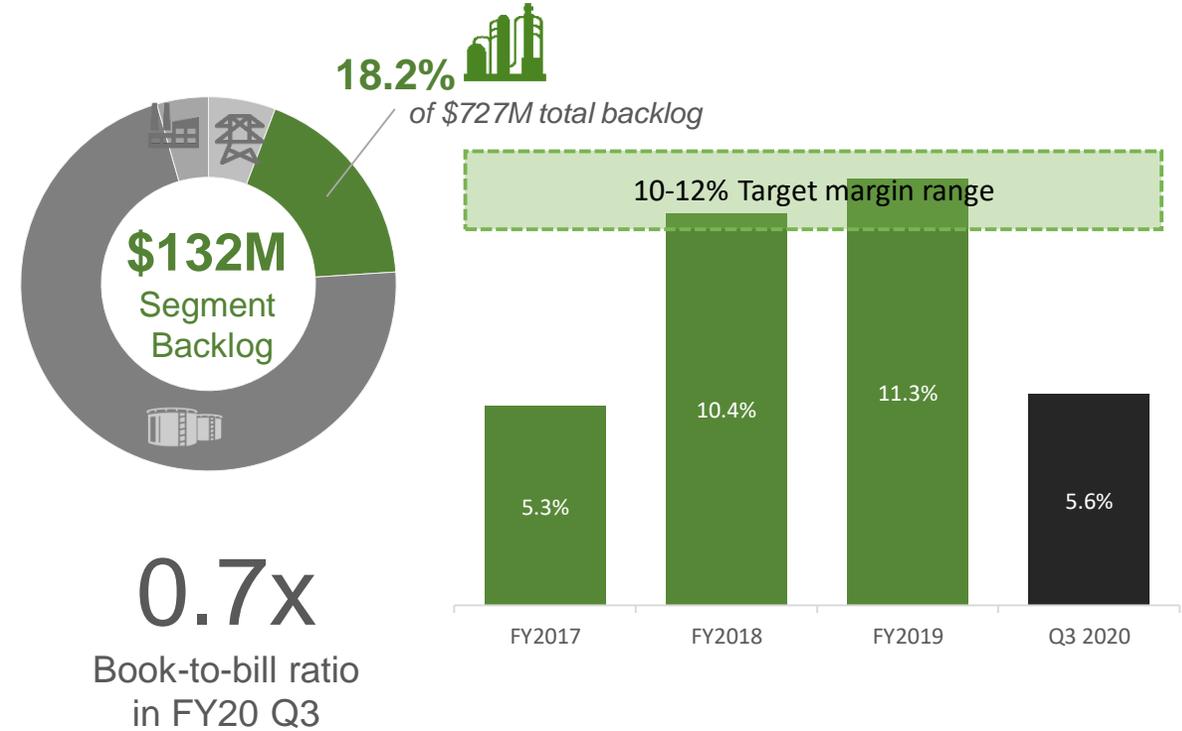
Quality performance is building the brand

Recent developments

- Generated revenue of \$52.3 million in FY20 Q3 and \$34.6 million in awards
- Refinery project postponements and temporary delays as a result of energy demand deterioration; recovery timing uncertain
- Under-absorption of construction overhead costs as we prepared for what is traditionally a busy March and fourth quarter
- Brand awareness in mid-stream gas processing is creating opportunities

Primary market drivers

- Lack of energy demand has resulted in refiners making immediate reductions in OpEx spend, delaying refinery maintenance and turnarounds
- Demand for natural gas processing infrastructure continues although project timing is uncertain
- Reshoring of petrochemical industry is driving additional need for upgrades as well as ongoing maintenance and repair



ExxonMobil



ConocoPhillips



HOLLYFRONTIER



Monroe Energy



Expand 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



Industrial

EXITED DOMESTIC IRON AND STEEL BUSINESS

Likely to collapse into other reporting segments

Recent developments

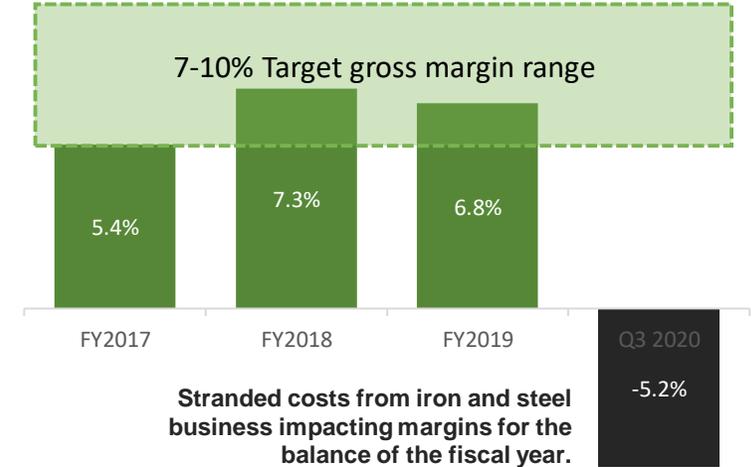
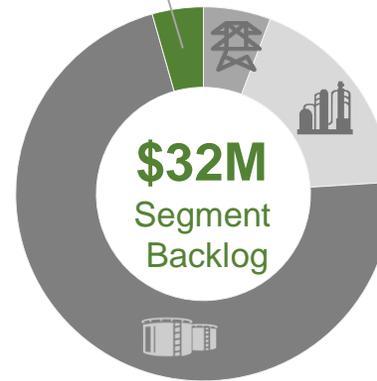
- Generated revenue of \$23.9 million in FY20 Q3 and \$3.0 million in awards
- Strategic decision to discontinue a continuous presence in the domestic iron and steel business – this timely exit is now complete and stranded overhead costs will be eliminated by the end of fourth quarter
- Remain opportunistic with respect to bidding projects in aerospace and defense, mining and minerals, fertilizer, cement, agriculture and various industrial facilities

Primary market drivers

- Commodity pricing for non-ferrous metals
- Overall supply and demand for agriculture, cement, global fertilizer and other bulk materials
- Next generation satellite technology driving demand for Thermal Vacuum Chambers with limited competition



4.4% of \$727M total backlog



0.1x

Book-to-bill ratio
in FY20 Q3

RioTinto



Lehigh Hanson
HEIDELBERGCEMENT Group



Freeport-McMoRan



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

DRIVING LONG-TERM VALUE

WE DEFINE LONG-TERM VALUE WITH THESE KEY ELEMENTS:

- BUSINESS PERFORMANCE - Creates consistent earnings and generates cash, and results in high quality backlog, client satisfaction, growth, and diversification
- CAPITAL ALLOCATION – Growth investments, balance sheet strength, share buybacks, dividends
- INVESTOR RELATIONS – Transparency, investor engagement, shareholder diversification and share liquidity
- ENVIRONMENT, SOCIAL & GOVERNANCE (ESG) – Building long-term sustainability
- RISK MANAGEMENT – Minimize the impact of from macro economic, political and industry dynamics

Our purpose-driven strategy will improve share price, impact communities, improve quality of life, and help us to maneuver economic and market dynamics.

MEASURING OUR SUCCESS

Our key performance long-term targets

OUR EMPLOYEES COME FIRST

KEY FINANCIAL TARGETS

0 TRIR / Safety	< 6% Net Working Capital	< 6% SG&A target
> 40 Average annual training hours per employee	> 4.5% Operating Margin target	> 12% ROIC target
< 5% Voluntary employee turnover	> 6.5% EBITDA target	< 1.5% CAPEX target

BIG PICTURE VISION AND STRATEGIC OBJECTIVES

CLEAR STRATEGY TO GROW AND IMPROVE BUSINESS RESULTS

ATTACK THE GAS VALUE CHAIN

- Mid-stream processing nationwide
- Specialty vessels and terminals for NGLs (domestic and export)
- LNG storage tanks and terminals (with focus on small- to mid-size)

CONTINUE MID-STREAM CRUDE GROWTH

- Maintain dominant storage position, technology application
- Continue growth in full terminal EPC
- Take advantage of growing export facility market
- Improve our storage tank products business performance and market presence

INTERNATIONAL DEPLOYMENT

- Follow mid-stream and gas value chain clients to Caribbean, Latin America, and Mexico

EXPAND REFINING AND CHEMICAL/PETROCHEMICAL

- Continue to expand North American refining market share
- Move into chemical/petrochemical with full suite of services
- Secure more nested maintenance contracts

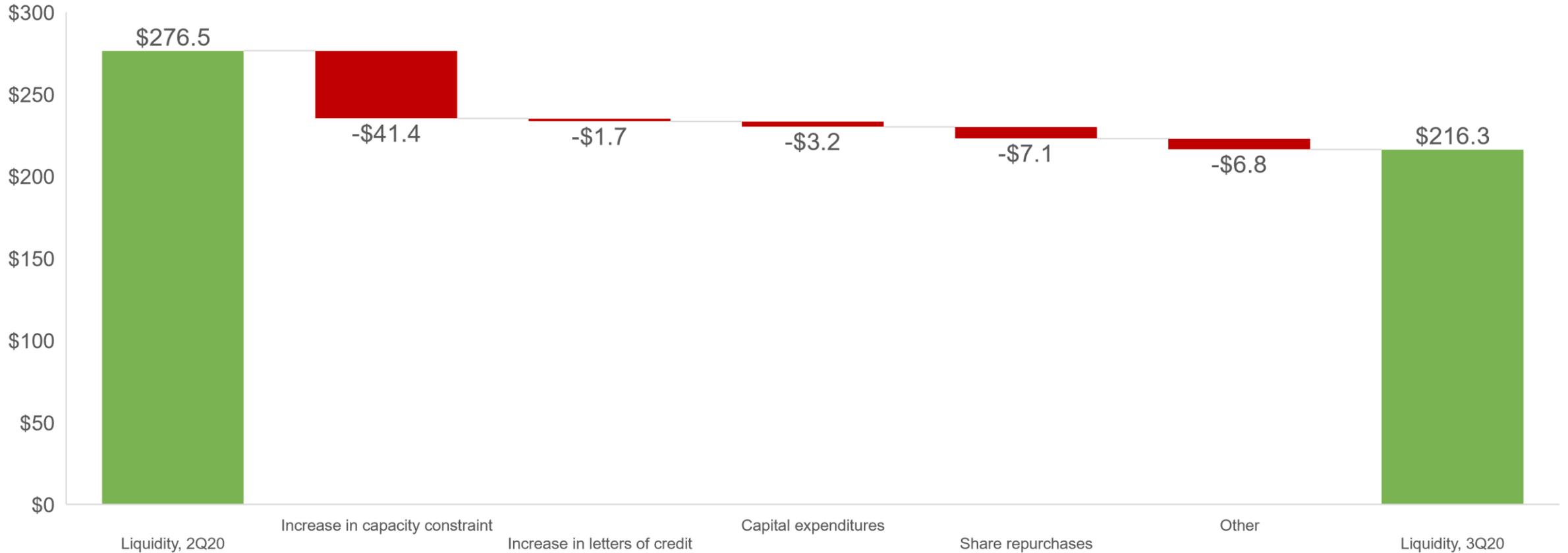
FIX AND GROW ELECTRICAL INFRASTRUCTURE

- Coast-to-coast electrical delivery (substation, distribution, transmission)
- Gas-fired power generation (package work for power companies and EPC firms)
- Growth in renewables, batteries, and digital technologies create growth opportunity

Financial slides

LIQUIDITY BRIDGE (\$ in millions)

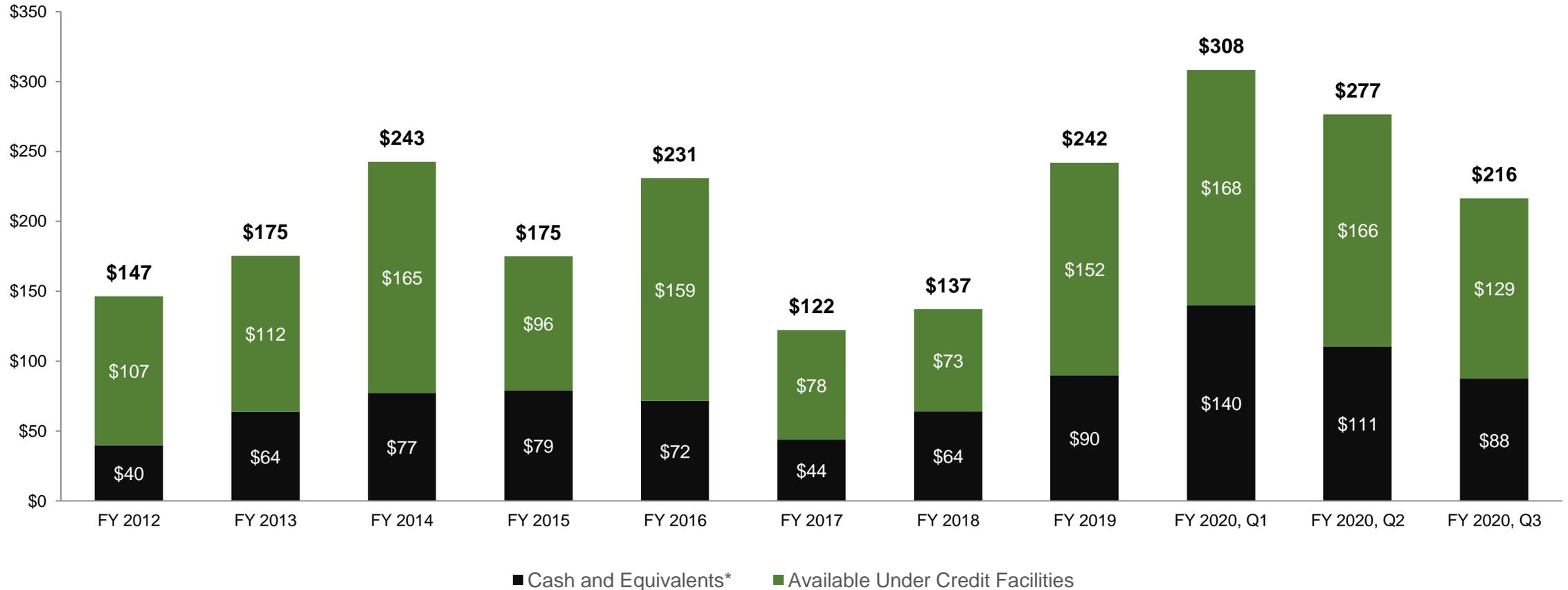
3Q20



Liquidity of \$216.3 million consists of cash of \$87.5 million and availability under the credit facility of \$128.8 million

STRONG FINANCIAL POSITION

Our strong liquidity position and minimal debt of \$8.9 million allows us to fund our business while weathering cyclical downturns and returning value to our shareholders



* Cash includes Billing in Excess (BIE) on work that has not yet been performed

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

	3Q20		3Q19	
GAAP Based Measures				
Revenue	\$	248,327		\$ 358,887
Gross profit		20,477	8.2%	36,906 10.3%
SG&A		19,718	7.9%	24,112 6.7%
Operating income (loss)		(5,800)	-2.3%	12,794 3.6%
Net income (loss)		(5,495)	-2.2%	8,933 2.5%
Earnings (loss) per share		(0.21)		0.33
Non GAAP Measures				
Adjusted net loss		(398)		
Adjusted loss per share		(0.02)		
Adjusted EBITDA		5,034	2.0%	17,656 4.9%

SEGMENT RESULTS *(\$ in thousands)*

3Q20	Electrical Infrastructure	Oil Gas & Chemical	Storage Solutions	Industrial	TOTAL
Revenue	\$ 28,411	\$ 52,313	\$ 143,746	\$ 23,857	\$ 248,327
Gross Profit	\$ 752	\$ 2,946	\$ 18,010	\$ (1,231)	\$ 20,477
Gross Margin	2.6%	5.6%	12.5%	-5.2%	8.2%

3Q19	Electrical Infrastructure	Oil Gas & Chemical	Storage Solutions	Industrial	TOTAL
Revenue	\$ 60,669	\$ 82,544	\$ 134,391	\$ 81,283	\$ 358,887
Gross Profit	\$ 6,210	\$ 10,736	\$ 14,575	\$ 5,385	\$ 36,906
Gross Margin	10.2%	13.0%	10.8%	6.6%	10.3%

COVID-19 IMPACT	Electrical Infrastructure	Oil Gas & Chemical	Storage Solutions	Industrial	TOTAL
	Majority of work is located in the Northeast and Mid-Atlantic which has been a COVID-19 hot spot. Despite the current environment, we are making progress on our business improvement efforts.	Significant impact to this segment as maintenance activities have been minimized. In addition, most turnaround activity has been delayed to future periods. Project awards have also slowed across the segment.	Capital projects have seen temporary disruptions related to COVID-19. The largest impact is to timing of project awards, however we recently booked a LNG Peak Shaving project in the fourth quarter.	Exit from domestic iron and steel market was timely as many domestic locations have been shuttered. Remaining markets in this segment have seen limited project opportunities.	

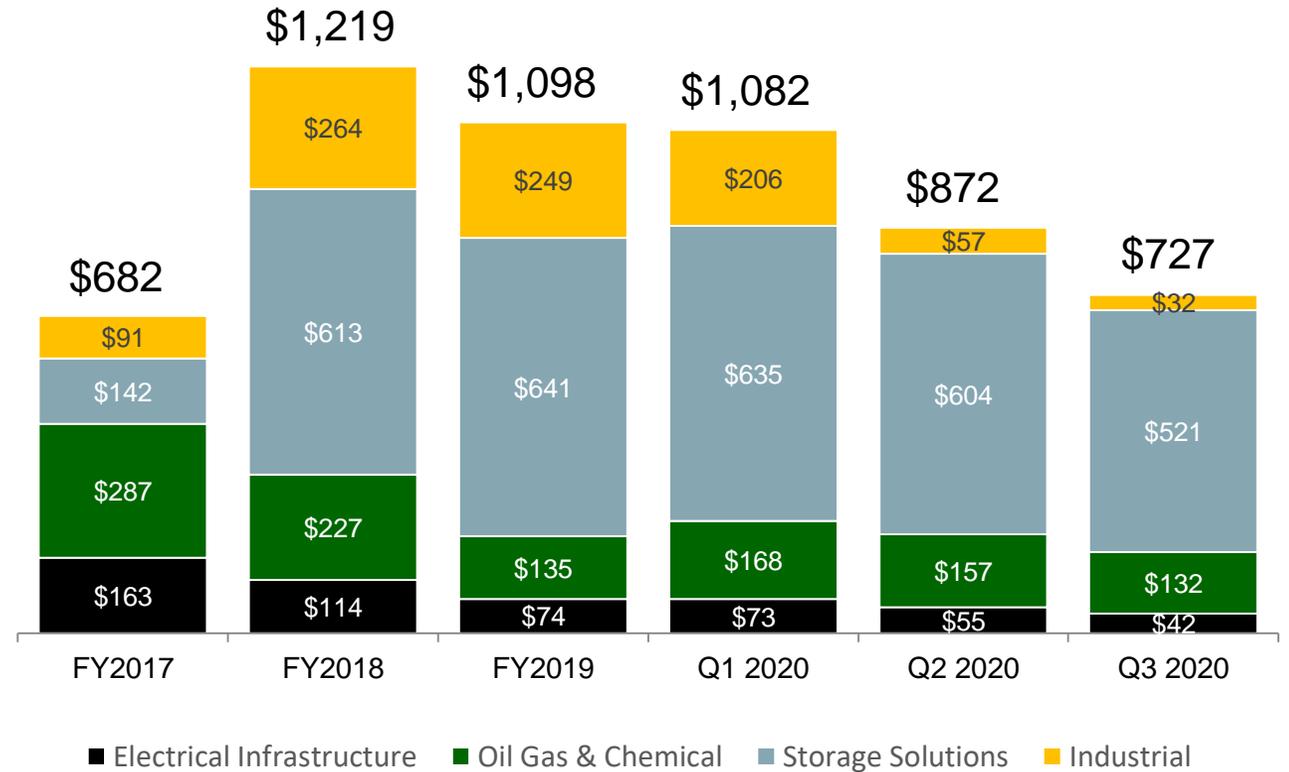
FISCAL 2020 | YEAR-TO-DATE RESULTS *(\$ in thousands, except EPS)*

	FISCAL 20 YTD		FISCAL 19 YTD		
GAAP Based Measures					
Revenue	\$	905,101		\$ 1,017,966	
Gross profit		82,943	9.2%	88,213	8.7%
SG&A		66,574	7.4%	67,672	6.6%
Operating income (loss)		(28,705)	-3.2%	20,541	2.0%
Net income (loss)		(27,352)	-3.0%	15,170	1.5%
Earnings (loss) per share		(1.02)		0.55	
Non GAAP Measures					
Adjusted net income		10,985			
Adjusted earnings per share		0.40			
Adjusted EBITDA		31,636	3.5%	35,609	3.5%

BACKLOG AT MARCH 31, 2020

Strong opportunity and market expansion pipeline including:

- A LNG Peak Shaving project awarded in fourth quarter
- Recent announcement of the selection by Eagle LNG as the EPC contractor for their export facility in Jacksonville, Florida



Backlog should be viewed over the long term versus quarter to quarter given the uncertainty in timing of awards.



Q & A

RECONCILIATION OF NON-GAAP MEASURES

	Amount of Charge	Income Tax Effect of Charge	Three Months Ended March 31, 2020		Nine Months Ended March 31, 2020	
			Net Income (Loss)	Earnings (Loss) Per Diluted Share	Net Income (Loss)	Earnings (Loss) Per Diluted Share
Net loss and diluted loss per common share, as reported			\$ (5,495)	\$ (0.21)	\$ (27,352)	\$ (1.02)
Restructuring costs incurred	\$ 6,559	\$ (1,462)	5,097	0.19	\$ 5,097	\$ 0.19
Electrical Infrastructure segment goodwill impairment	\$ 24,900	\$ (4,889)	-	-	20,011	0.74
Industrial segment goodwill and other intangible asset impairment	\$ 13,615	\$ (2,803)	-	-	10,812	0.40
Valuation allowance placed on a deferred tax asset	\$ 2,417	\$ -	-	-	2,417	0.09
Adjusted net income and diluted earnings per common share			<u>\$ (398)</u>	<u>\$ (0.02)</u>	<u>\$ 10,985</u>	<u>\$ 0.40</u>
Weighted average common shares outstanding - diluted:						
As reported				26,478		26,781
Dilutive potential of previously anti-dilutive common shares				-		517
Adjusted weighted average common shares outstanding - diluted				<u>26,478</u>		<u>27,298</u>

ADJUSTED EBITDA *(\$ in thousands)*

	Three Months Ended		Nine Months Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(In thousands)			
Net income (loss)	\$ (5,495)	\$ 8,933	\$ (27,352)	\$ 15,170
Goodwill and other intangible asset impairment	—	—	38,515	—
Restructuring costs	6,559	—	6,559	—
Interest expense	398	301	1,231	954
Provision (benefit) for income taxes	(1,114)	3,925	(1,705)	5,862
Depreciation and amortization	<u>4,686</u>	<u>4,497</u>	<u>14,388</u>	<u>13,623</u>
Adjusted EBITDA	\$ 5,034	\$ 17,656	\$ 31,636	\$ 35,609