

Fiscal 2018

Second Quarter Ended
December 31, 2018



**MATRIX SERVICE
COMPANY**

Move to a higher standardSM



Safe harbor

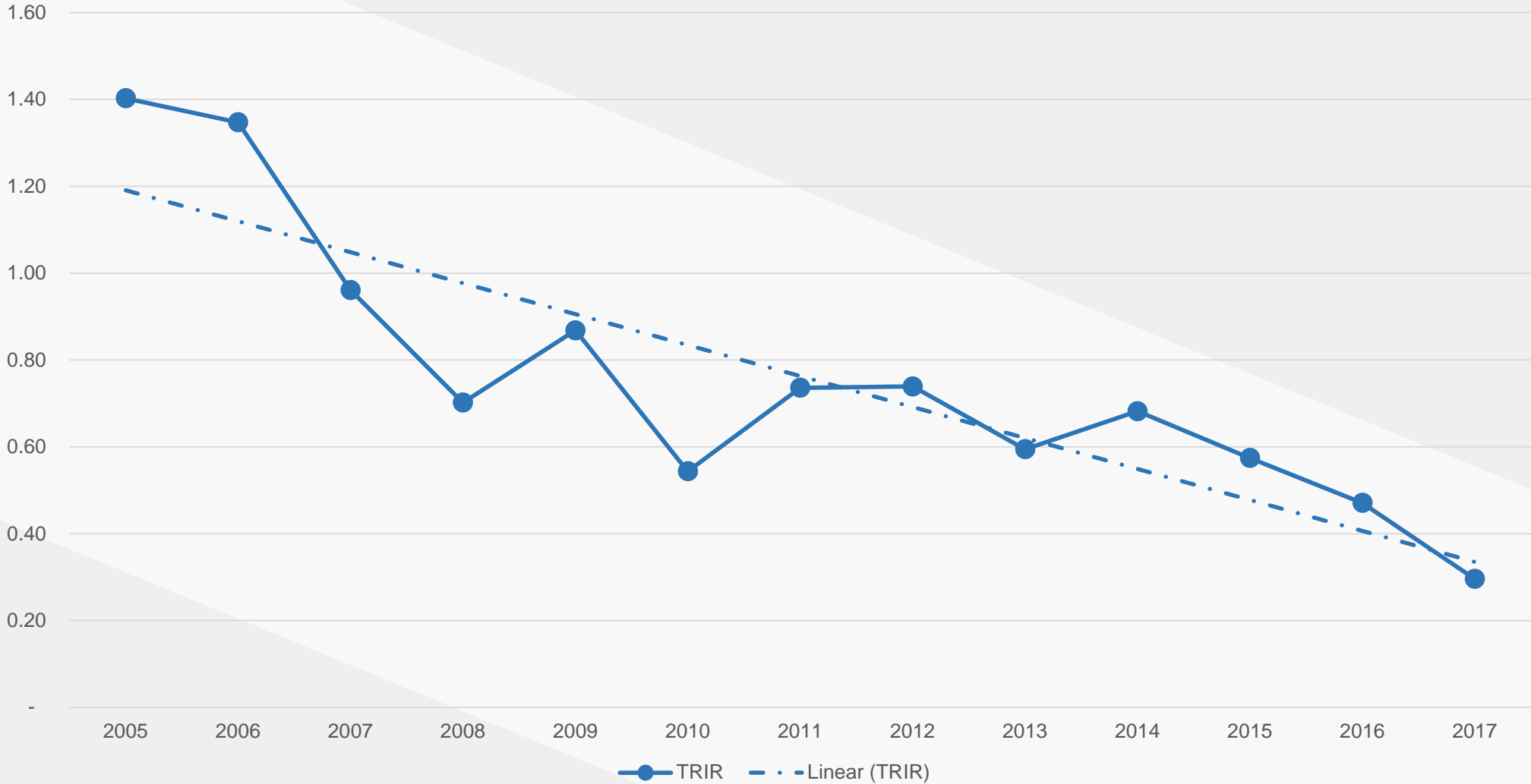
This presentation contains certain forward-looking statements concerning Matrix Service Company's operations, economic performance and management's best judgment as to what may occur in the future. The actual results for the current and future periods and other corporate developments will depend upon 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

Matrix Service Inc. *(Subsidiary of Matrix Service Company)*

TRIR Trend



Overall outlook

Overall outlook

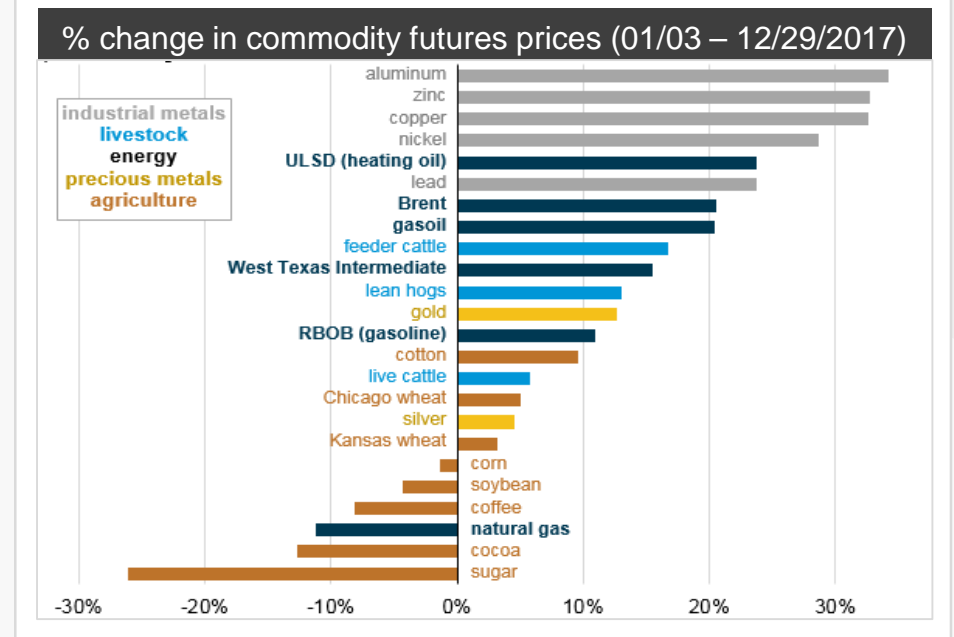
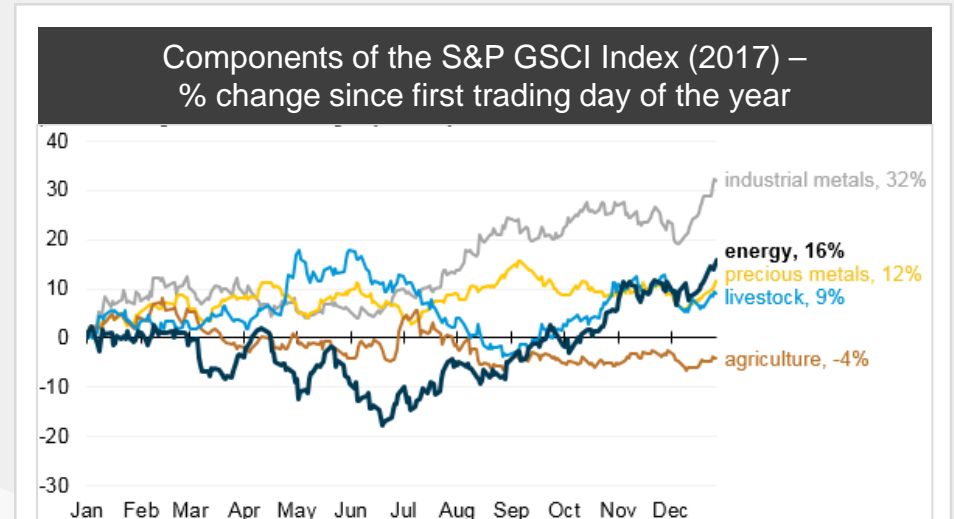
Global growth in 2018 is expected to improve to 3.1% in 2018 after a much stronger-than expected 2017 on continued recovery in investment, manufacturing and trade

Commodity prices continue to rise

Global energy demand continues to rise on growing population and urbanization

Business-friendly U.S. administrative agenda promotes investments in U.S. infrastructure and economy

- **Historic tax reform** to spur capital spending and investment by U.S. companies at home
- Easing in **permitting and regulatory requirements**
- **New tariffs** expected to continue boosting the health of domestic steel producers
- Administration is turning its focus toward its \$1.7 trillion plan to **rebuild America's aging roads and other infrastructure**
- **Unemployment, bank volatility and consumer confidence** continue to improve
- **Historically low interest rates and weaker dollar** persist with low likelihood of a recession



Fiscal 2018

SECOND QUARTER RESULTS

Fiscal 2018 | Second quarter results *(\$ in Millions, except EPS)*

	2Q18		2Q17	
Revenue	\$	283	\$	313
Gross Profit	\$	26.7	\$	28.2
Gross Margin		9.4%		9.0%
SG&A	\$	21.5	\$	20.0
Pre-tax Income	\$	4.3	\$	7.8
Tax Provision (Benefit)	\$	(0.2)	\$	2.6
Net Income	\$	4.5	\$	5.3
EPS	\$	0.17	\$	0.20

Fiscal 2018 | Second quarter results *(\$ in Millions, except EPS)*

	2Q18		2Q17	
Revenue	\$	283	\$	313
Electrical		65		103
Oil Gas & Chemical		88		56
Storage Solutions		71		129
Industrial		59		25
Gross Profit	\$	26.7	\$	28.2
Gross Margin		9.4%		9.0%
SG&A	\$	21.5	\$	20.0
Net Income	\$	4.5	\$	5.3
EPS	\$	0.17	\$	0.20

Segment results *(\$ in Millions)*

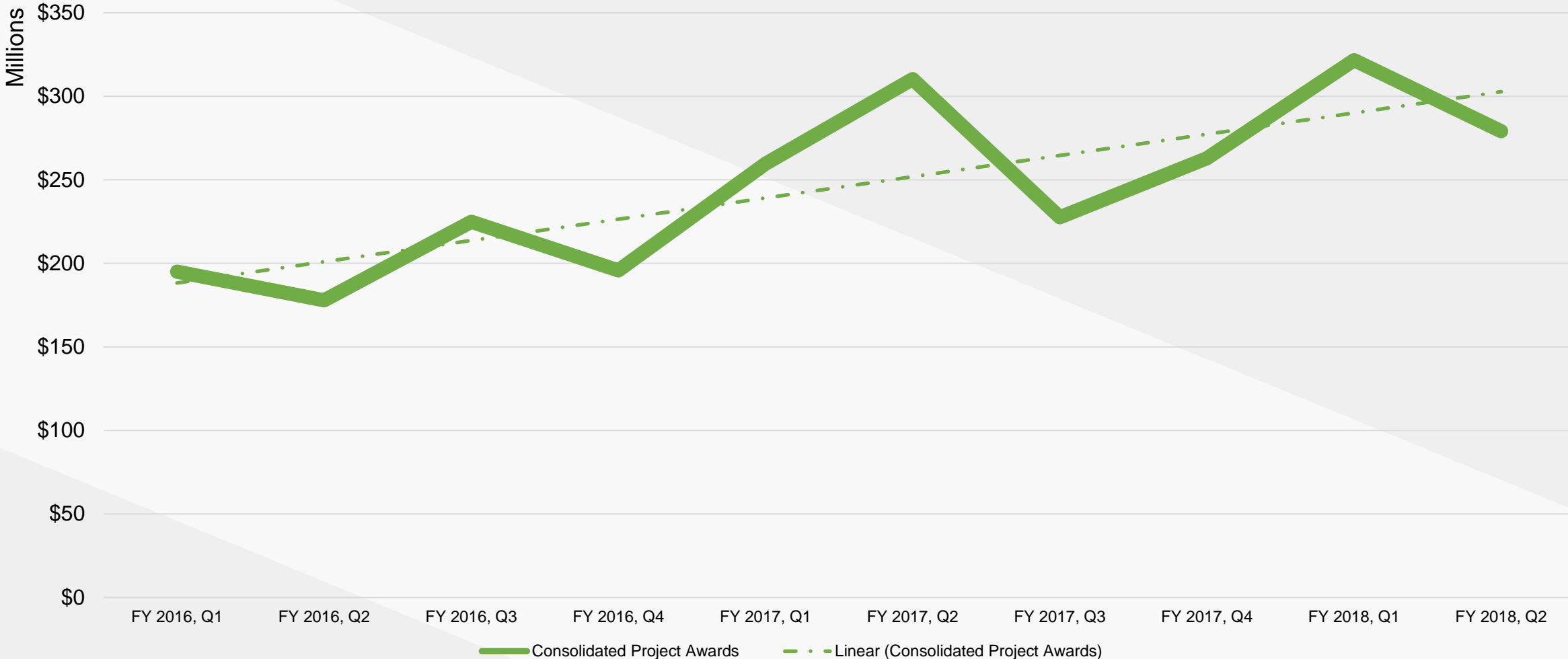
2Q18	Electrical Infrastructure	Oil Gas & Chemical	Storage Solutions	Industrial	TOTAL
Revenue	\$ 65	\$ 88	\$ 71	\$ 59	\$ 283
Gross Profit	5.5	11.8	5.3	4.1	26.7
Gross Margin	8.5%	13.3%	7.5%	6.9%	9.4%

2Q17	Electrical Infrastructure	Oil Gas & Chemical	Storage Solutions	Industrial	TOTAL
Revenue	\$ 103	\$ 56	\$ 129	\$ 25	\$ 313
Gross Profit	7.2	2.4	17.1	1.5	28.2
Gross Margin	7.0%	4.4%	13.3%	5.9%	9.0%

Fiscal 2018 | Six month results *(\$ in Millions, except EPS)*

	FYTD 12/31/17		FYTD 12/31/16	
Revenue	\$	553	\$	654
Electrical		145		191
Oil Gas & Chemical		174		88
Storage Solutions		141		328
Industrial		93		47
Gross Profit	\$	55.6	\$	60.5
Gross Margin		10.1%		9.2%
SG&A	\$	43.1	\$	38.0
Net Income	\$	8.4	\$	14.6
EPS	\$	0.31	\$	0.54

Consolidated project awards

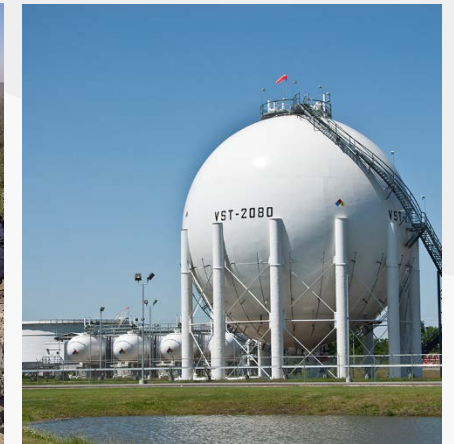
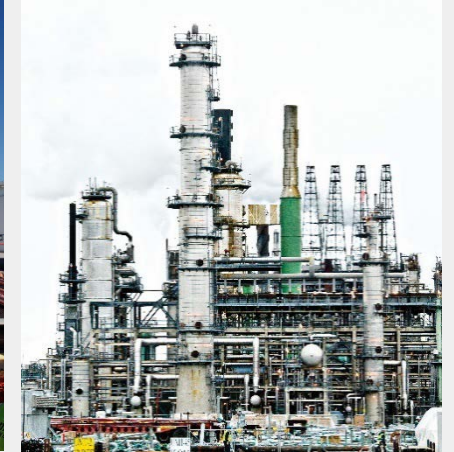


Liquidity and Guidance

Market outlook

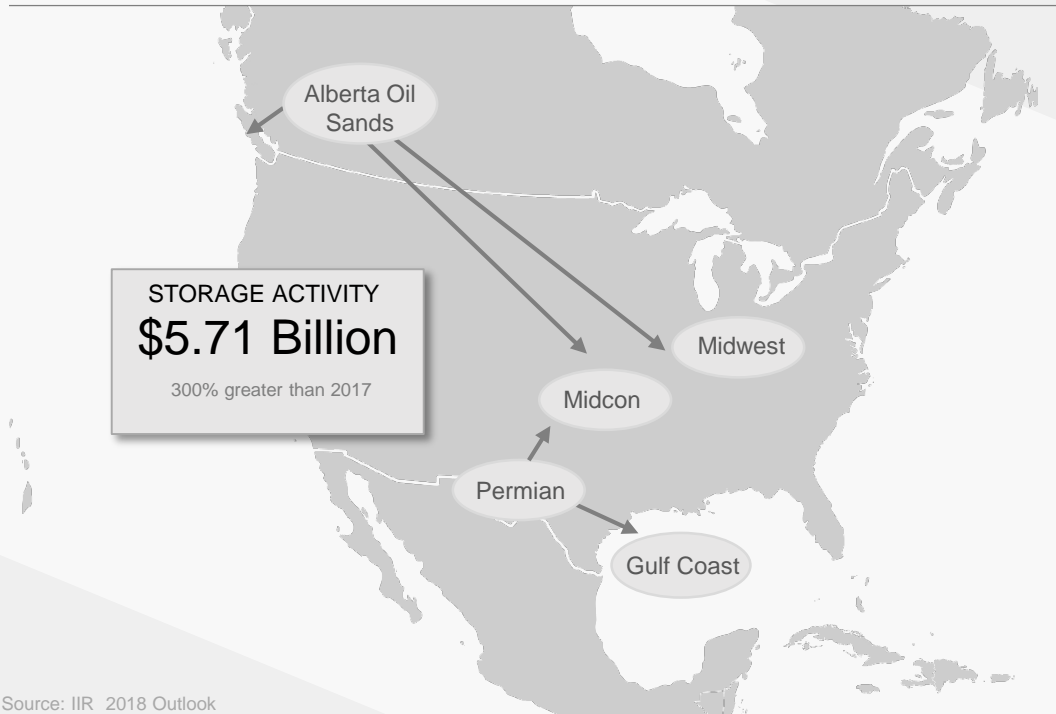
Market outlook | Energy

- North American pipeline build outs have created **demand for significant infrastructure** including storage terminals, pumping stations and gas processing facilities
- Growing global demand for LNG is creating **significant opportunity in mid- and small-scale LNG facilities**
- As North American becomes the leading exporter of petroleum products, an **infrastructure boom continues**, especially along the Gulf coast, including Houston/Texas City, Corpus Christi/Ingleside and Beaumont/Port Arthur
- **Small cap, maintenance and repair work** inside refineries and petrochemical processing facilities is trending up, though delays may persist
- Significant opportunities exist in LNG, gas, and LPG throughout the **Caribbean and Latin America**
- Significant opportunities exist across **Mexico** as this country privatizes oil



Crude Oil Pipelines

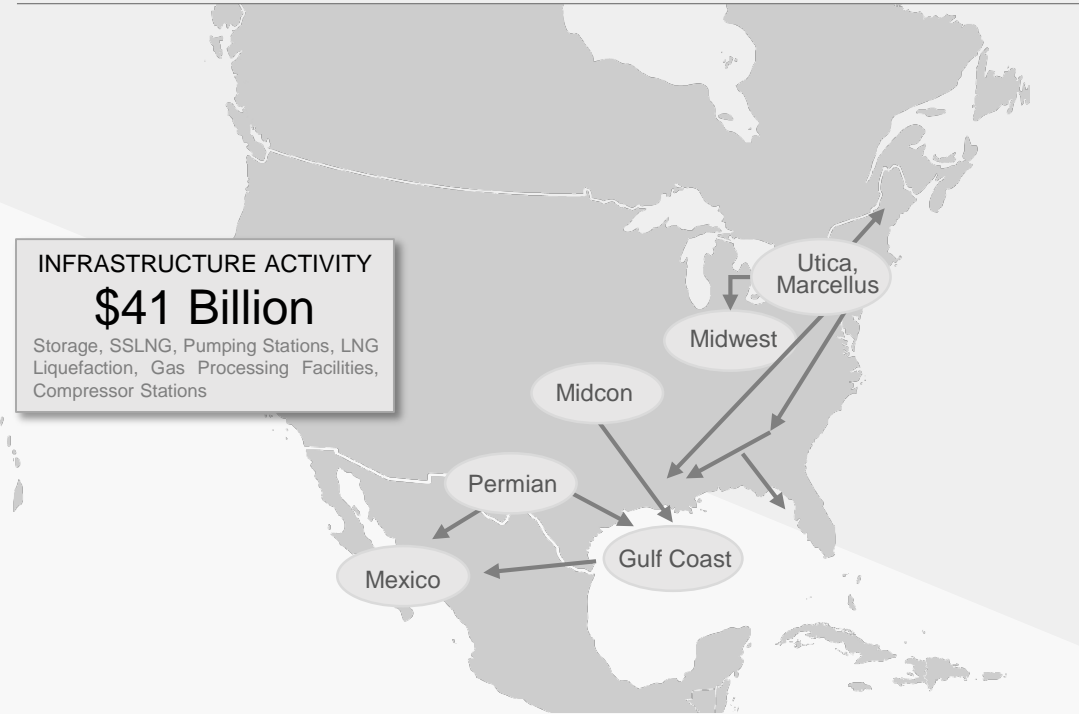
Activity to move product to market (2018 - 2020)



Source: IIR 2018 Outlook

Natural Gas Distribution

Activity to meet demand (2018 – 2019)



Pipeline buildouts will require storage and export terminals, pumping stations and gas processing facilities



North American Petroleum Refining Projected spending

\$37.6 Billion

CONSTRUCTION KICK-OFF IN 2018 - 2019

- Grassroot
- Expansions
- Crude slate
- Gasoline Yield
- Octane improvement
- Tier 3

\$1.7 Billion

TURNAROUNDS AND PLANT
MAINTENANCE IN 2018

Source: IIR 2018 Outlook

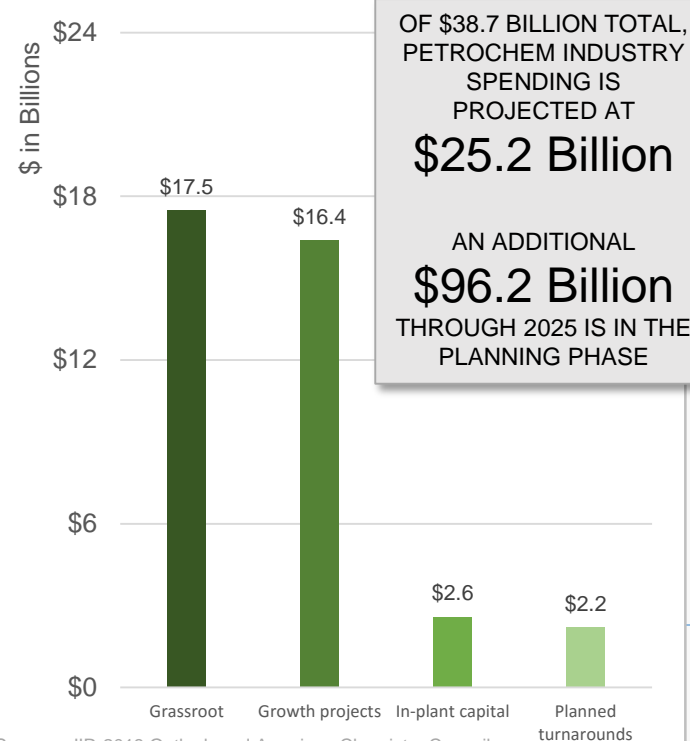
- The U.S. refinery industry is positioned as a global processing hub
- Innovations/technology reducing lifting costs
- WTI/Brent spread has widened
- Exports of refined products continue to rise
- OPEC accord remains intact through 2018
- Profit margins for U.S. refiners remains favorable
- Consumption/demand of gasoline and jet fuel remain strong
- Low natural gas prices remain an advantage to U.S. refiners as a fuel source
- Compliance with regulatory requirements such as ultra low sulfur is providing opportunity for major capital project work, as well as sulfur processing, handling and waste management



Abundant, low cost natural gas continues to drive new capacity build out and spending

U.S. and Canada Chemical Industry

Projected 2018 construction starts and maintenance



- The U.S. is among the lowest-cost producers globally of key petrochemicals and resins
- This shift is boosting export demand and driving significant new capital investment toward the U.S.
- In-plant capital spend is trending higher in 2018
- Mega projects continue to set the pace
- Focus on derivatives and specialty chemicals is a positive
- Maintenance activity and spend has reached historic high

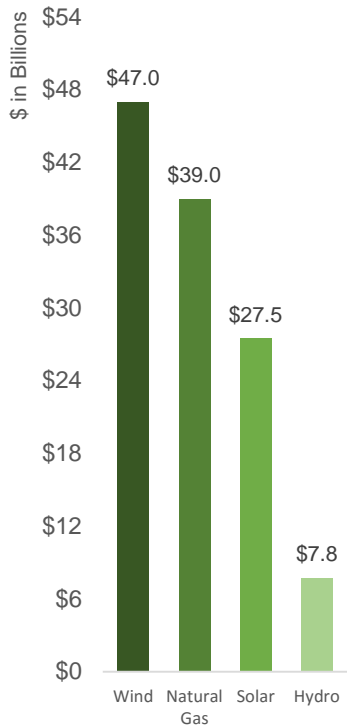
Maintenance and small cap projects create additional strategic opportunity

Market outlook | Power

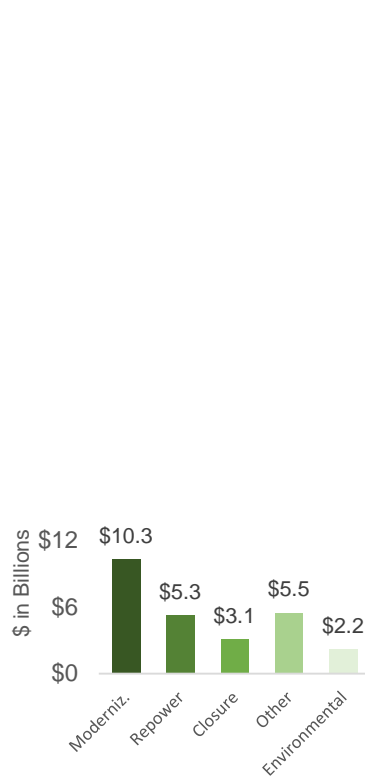
North American Power Industry

Project spending 2018 - 2022

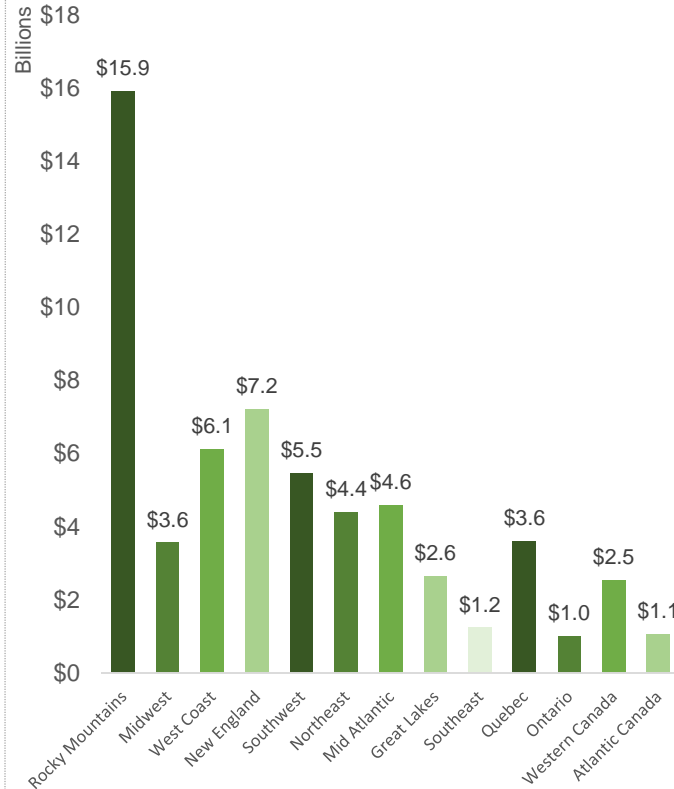
Grassroots & unit additions



In-plant capex



Transmission & distribution



Source: IIR 2018 Outlook

- Growth in power demand remains “flat-lined”
- Demand for gas fired power generation creates substantial project opportunity for individual packages
- In substation, transmission and distribution, immense projected infrastructure needs are being driven by grid modernization, interconnect, and repairs
- Environmental compliance upgrades continue
- Challenging business climate for traditional power plants
- Energy storage continues to gain traction
- Renewable tax credits are still in play
- Storm response work provides additional incremental opportunity

Market outlook | Industrial



Ferrous and non-ferrous metals

- Steel industry has begun making significant investments in infrastructure
- As copper prices continue to rebound demand for maintenance, expansion projects and capital improvements are returning
- Increased energy activity can create demand for pipe and drilling pipe
- The U.S. Administration's "America first" focus, along with massive infrastructure spending, can also drive improvement



Cement

- The U.S. cement industry, which was severely impacted by the 2008 housing collapse is showing signs of recovery, with consumption growing from 67 million tons in 2009 to nearly 95 million tons in 2016 and is projected to be nearly 113 million tons by 2021
- This growth is resulting in renewed planning for additional import and distribution terminals in select regions



Other

- Uptick in demand for thermal vacuum chambers brings additional opportunity and demonstrates our leading engineering and construction expertise

Market outlook | Industrial



Material handling, bulk material loading/unloading, marine structures and automation and controls

- Through 2020, global demand for material handling systems is forecast to rise 5.3 percent per year to \$176 billion; for Matrix this includes opportunity in markets such as cement, grain, fertilizer, sulfur, mining and minerals
 - Trends in developing countries such as China and India support this market growth, with China accounting for a significant amount of new demand while developed countries such as Japan, the U.S. and Western Europe will see more restrained growth



Sulfur

- Need for global sulfur prilling and melting infrastructure and facilities will be driven by demand for sulfur as a valuable commodity in the manufacture of products, including fertilizers and chemicals, medicines, fibers, plastics and plastics, and as a vital nutrient for plants, people and animals.

Summary



Q & A