



Q2 2024 Earnings Call

August 6, 2024

We build and service the infrastructure that enables our economy to run, our people to move, and our country to grow.

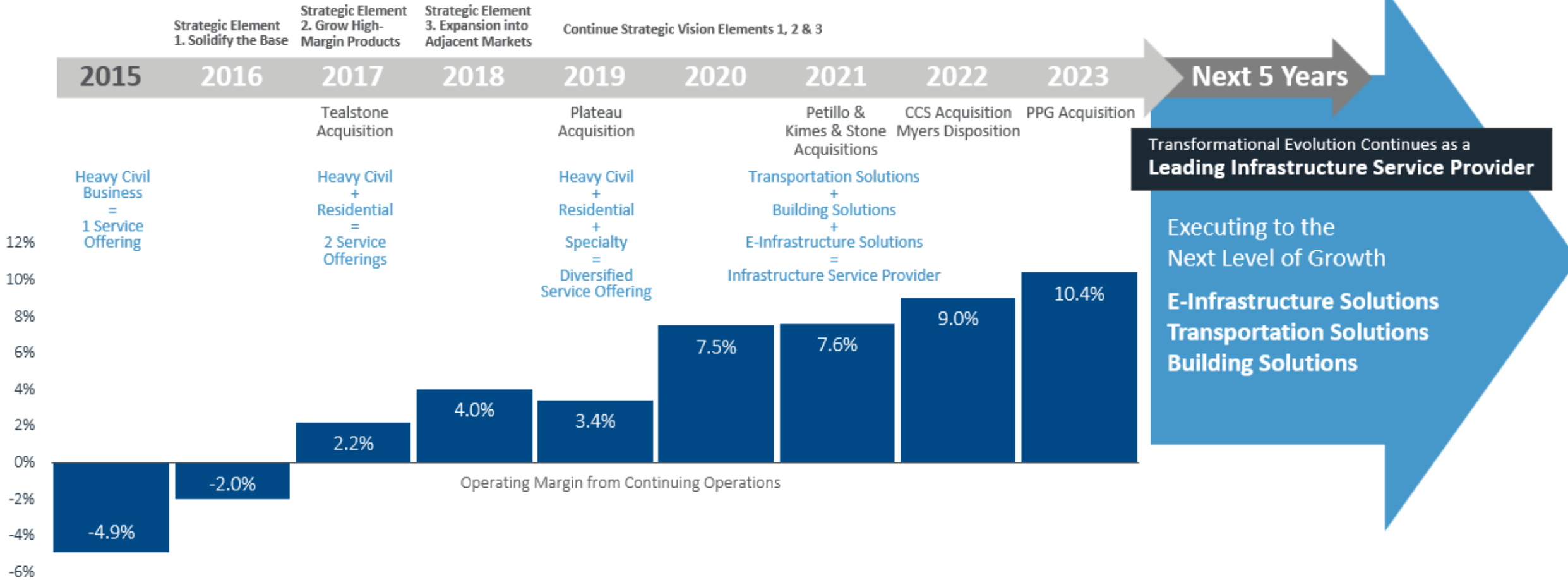
DISCLOSURE: Forward-Looking Statements

This presentation contains, and the officers and directors of the Company may from time to time make, statements that are considered forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about: our business strategy; our financial strategy; our industry outlook; our guidance; our expected margin growth; and our plans, objectives, expectations, forecasts, outlook and intentions. All of these types of statements, other than statements of historical fact included in this presentation, are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "guidance," "continue," the negative of such terms or other comparable terminology. The forward-looking statements contained in this presentation are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this presentation are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors listed in the "Risk Factors" section in our filings with the U.S. Securities and Exchange Commission and elsewhere in those filings. Additional factors or risks that we currently deem immaterial, that are not presently known to us or that arise in the future could also cause our actual results to differ materially from our expected results. Given these uncertainties, investors are cautioned that many of the assumptions upon which our forward-looking statements are based are likely to change after the date the forward-looking statements are made. The forward-looking statements speak only as of the date made, and we undertake no obligation to publicly update or revise any forward-looking statements for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise, notwithstanding any changes in our assumptions, changes in business plans, actual experience or other changes. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

This presentation may contain the financial measures: adjusted net income, EBITDA, adjusted EBITDA, and adjusted EPS, which are not calculated in accordance with U.S. GAAP. When presented, a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measure will be provided in the Appendix to this presentation.

Strategic Transformation at a Glance

Strategic Vision Introduced



Transformational Evolution Continues as a **Leading Infrastructure Service Provider**

Executing to the Next Level of Growth
E-Infrastructure Solutions
Transportation Solutions
Building Solutions



Second Quarter 2024 Results



Second Quarter 2024 Results Highlights

- + Revenues: \$582.8 million
- + Net Income: \$51.9 million
- + Diluted EPS: \$1.67
- + EBITDA⁽¹⁾: \$87.0 million
- + Cash Flow from Operations⁽²⁾: \$170.6 million
- + Cash & Cash Equivalents⁽³⁾: \$540.0 million
- + Backlog⁽³⁾: \$2.10 billion with 16.0% margin
- + Combined Backlog⁽⁴⁾: \$2.45 billion

Quarterly Consolidated and Segment Results

(\$ in millions, except per share data)	Q2 2024	Q2 2023
Revenues	\$ 582.8	\$ 522.3
Gross Profit	112.7	92.3
G&A Expense	(27.9)	(24.0)
Intangible Amortization	(4.3)	(3.7)
Acquisition Related Costs	(0.1)	(0.1)
Other Operating Expense, Net	(7.8)	(4.2)
Operating Income	72.7	60.3
Interest, Net	(0.2)	(5.5)
Income Tax Expense	(18.0)	(14.5)
Less: Net Income Attributable to NCI	(2.7)	(0.8)
Net income	\$ 51.9	\$ 39.5
Diluted EPS	\$ 1.67	\$ 1.27
EBITDA ⁽¹⁾	\$ 87.0	\$ 73.5

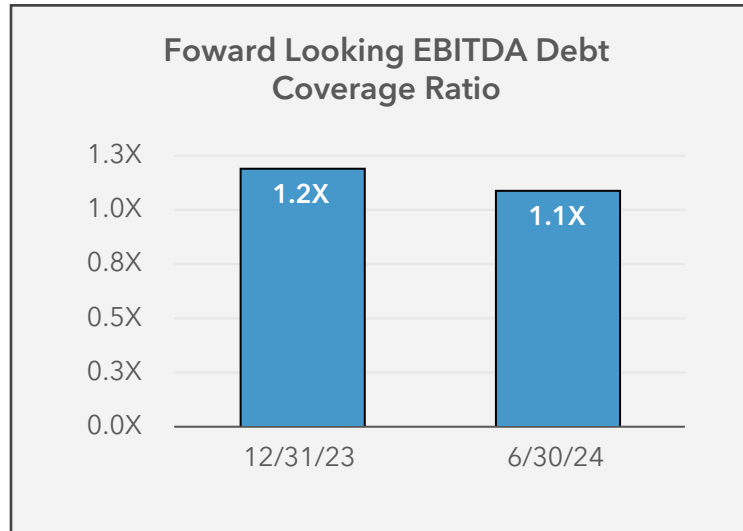
(\$ in millions)	Q2 2024	Q2 2023
E-Infrastructure Solutions		
Revenue	\$ 241.3	\$ 260.1
Operating Income	\$ 51.7	\$ 43.2
Operating Margin	21.4 %	16.6 %
Transportation Solutions		
Revenue	\$ 232.8	\$ 151.1
Operating Income	\$ 15.4	\$ 9.9
Operating Margin	6.6 %	6.5 %
Building Solutions		
Revenue	\$ 108.7	\$ 111.1
Operating Income	\$ 13.8	\$ 13.5
Operating Margin	12.7 %	12.1 %

Remaining Performance Obligations (RPOs)⁽¹⁾

(\$ in millions)	June 30, 2024	December 31, 2023	June 30, 2023
E-Infrastructure Solutions RPOs	\$ 868.2	\$ 813.7	\$ 886.6
Transportation Solutions RPOs	1,160.5	1,184.5	743.6
Building Solutions RPOs - Commercial	70.1	68.8	105.4
Total RPOs	\$ 2,098.8	\$ 2,067.0	\$ 1,735.6

(1) Our remaining performance obligations do not differ from what we refer to as "Backlog," and represent the amount of revenues we expect to recognize in the future from our contract commitments on projects.

Increased EBITDA and Cash Flow Drives Liquidity Strategy



We expect to pursue strategic uses of our liquidity, such as strategic acquisitions, investing in capital equipment and managing leverage.

Capital allocation focus

- Long-term shareholder value
- Complementing organic growth in existing and new markets
- Strong cash flow profile provides flexibility and drives liquidity strategy

Sterling is comfortable with a forward looking debt/EBITDA coverage ratio of +/-2.5X.

5-Year Credit Facility

\$330M Term Loan Borrowings
\$75M Revolving Credit Facility (Undrawn)

Key Cash Flow Considerations

	<u>Q2 YTD 2024</u>	<u>Q2 YTD 2023</u>
Cash flows from Operations	\$170.6M	\$181.1M
Net CAPEX	\$44.4M	\$30.3M

- Cash & Cash Equivalents at June 30, 2024 was \$540.0 million
- 2024 EBITDA guidance⁽¹⁾: \$300M to \$310M
- Expected 2024 noncash expenses: \$25M to \$30M (Stock-based compensation, noncash interest expense, deferred taxes, etc.)
- Scheduled term loan debt payments total \$26,300, \$26,300 and \$6,600 for 2024, 2025, and 2026, respectively

Contact Us

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Appendix

2024 Modeling Considerations⁽¹⁾

Revenue	\$2,150 to \$2,225
Gross Margin	18.5% to 19.0%
G&A Expense as % of Revenue (Excluding Intangible Amortization)	~5%
Intangible Amortization	\$17
Other Operating Expense Net	\$23 to \$25
JV Non-Controlling Interest Expense	~\$10
Effective Income Tax Rate	~25%
Net Income	\$175 to \$180
Diluted EPS	\$5.60 to \$5.75
Expected Dilutive Shares Outstanding	31.3
EBITDA ⁽²⁾	\$300 to \$310

(1) In millions except for EPS and percentages.

(2) See EBITDA guidance reconciliation on page 16.

2024 Modeling Considerations Continued*


Non-Cash Items	FY 2024 Expectations	FY 2023
Depreciation	\$49 to \$50	\$42.2
Intangible Amortization	\$17	\$15.2
Debt Issuance Cost Amortization	\$1 to \$2	\$1.7
Stock-based Compensation	\$18 to \$20	\$14.6
Deferred Taxes	\$6 to \$8	\$14.7

Other Cash Flow Items	FY 2024 Expectations	FY 2023
Interest expense, net of interest income	\$2	\$15.2
CAPEX, net of disposals	\$60 to \$65	\$50.6

STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES
ADJUSTED NET INCOME RECONCILIATION
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to Sterling common stockholders	\$ 51,879	\$ 39,480	\$ 82,927	\$ 59,129
Acquisition related costs	101	59	137	249
Adjusted net income attributable to Sterling common stockholders ⁽¹⁾	<u>\$ 51,980</u>	<u>\$ 39,539</u>	<u>\$ 83,064</u>	<u>\$ 59,378</u>
Net income per share attributable to Sterling common stockholders:				
Basic	\$ 1.68	\$ 1.28	\$ 2.68	\$ 1.93
Diluted	\$ 1.67	\$ 1.27	\$ 2.66	\$ 1.91
Adjusted net income per share attributable to Sterling common stockholders:				
Basic	\$ 1.68	\$ 1.28	\$ 2.68	\$ 1.93
Diluted	\$ 1.67	\$ 1.28	\$ 2.67	\$ 1.92
Weighted average common shares outstanding:				
Basic	30,914	30,780	30,945	30,699
Diluted	31,145	31,000	31,158	30,886

(1) The Company defines adjusted net income attributable to Sterling common stockholders as GAAP net income attributable to Sterling common stockholders excluding the impact of acquisition related costs.



STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES
EBITDA RECONCILIATION
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to Sterling common stockholders	\$ 51,879	\$ 39,480	\$ 82,927	\$ 59,129
Depreciation and amortization	16,925	13,980	33,183	27,672
Interest expense, net of interest income	208	5,528	970	11,082
Income tax expense	17,952	14,505	25,556	21,538
EBITDA ⁽¹⁾	<u>86,964</u>	<u>73,493</u>	<u>142,636</u>	<u>119,421</u>
Acquisition related costs	101	59	137	249
Adjusted EBITDA ⁽²⁾	<u>\$ 87,065</u>	<u>\$ 73,552</u>	<u>\$ 142,773</u>	<u>\$ 119,670</u>

(1) The Company defines EBITDA as GAAP net income attributable to Sterling common stockholders adjusted for depreciation and amortization, net interest expense and taxes.

(2) The Company defines adjusted EBITDA as EBITDA excluding the impact of acquisition related costs.



STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES EBITDA GUIDANCE RECONCILIATION

(In millions)
(Unaudited)

	Full Year 2024 Guidance	
	Low	High
Net income attributable to Sterling common stockholders	\$ 175	\$ 180
Depreciation and amortization	66	67
Interest expense, net of interest income	2	2
Income tax expense	57	61
EBITDA ⁽¹⁾	<u>\$ 300</u>	<u>\$ 310</u>



THANK YOU

We build and service the infrastructure that enables our economy to run, our people to move, and our country to grow.