



# 16<sup>th</sup> Annual Southwest IDEAS Conference

November 20, 2024

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

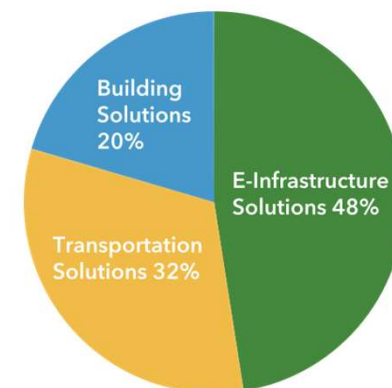
# DISCLOSURE: Forward-Looking Statements

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.

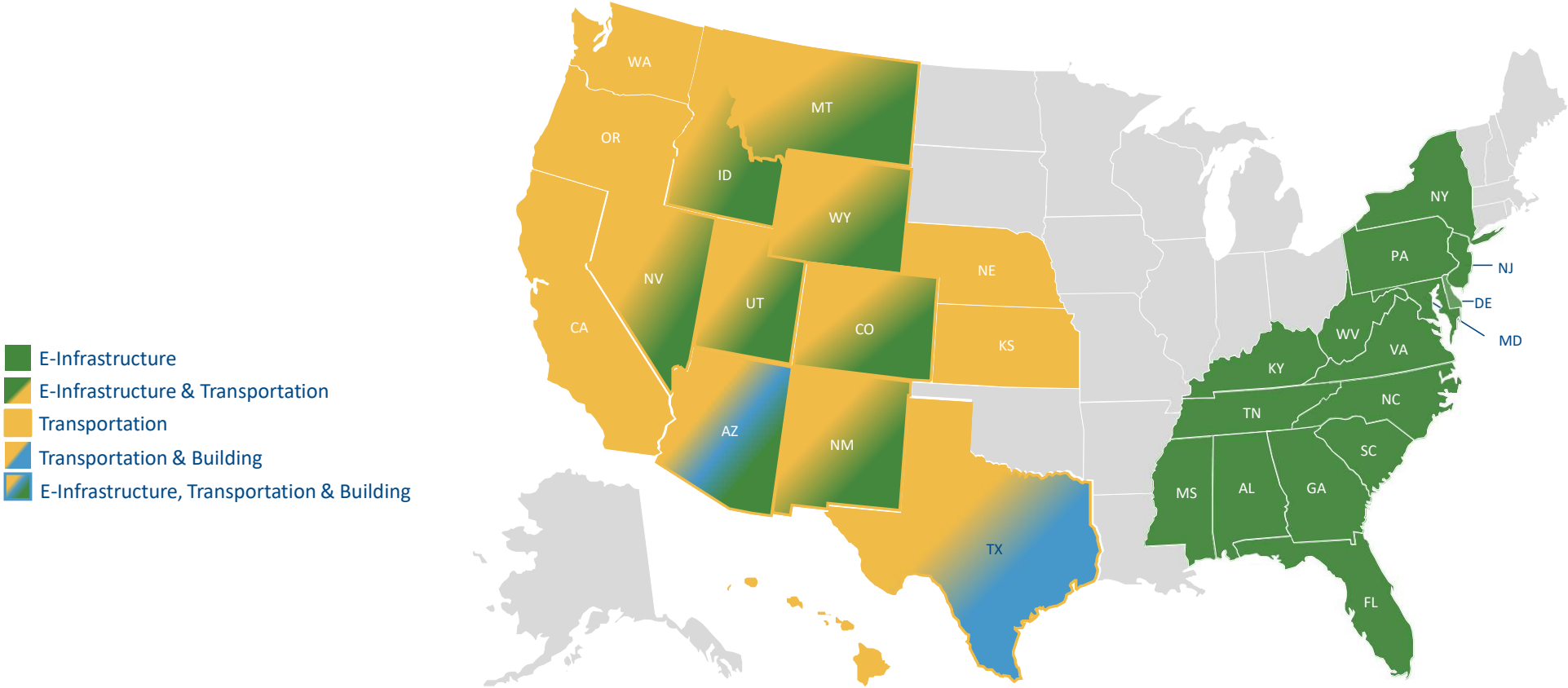
This presentation may contain the financial measures: adjusted net income, EBITDA, adjusted EBITDA, and adjusted EPS, which are not calculated in accordance with U.S. GAAP. When presented, a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measure will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

# Sterling at a Glance

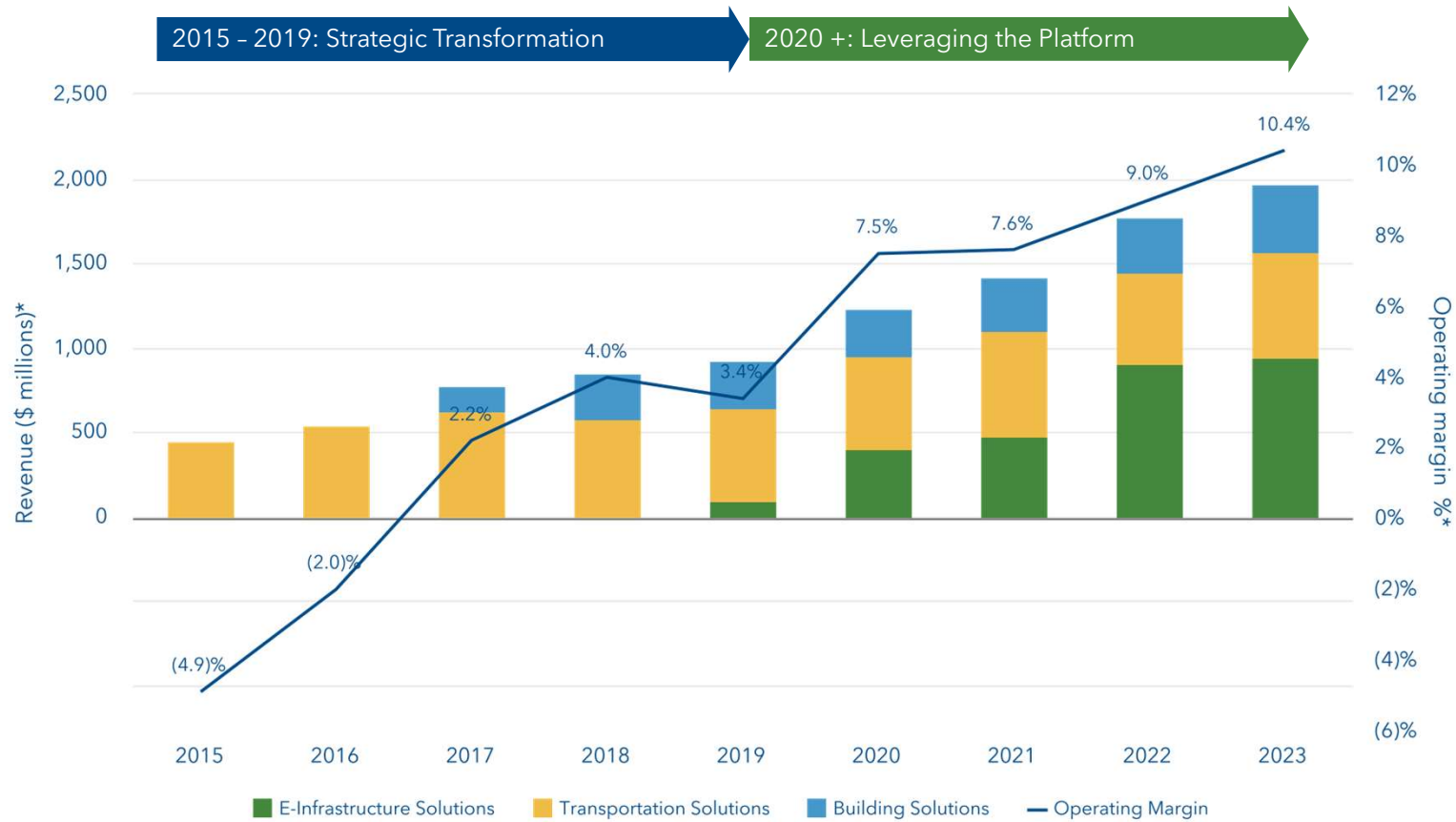
Leading infrastructure services provider creating consistent shareholder value through superior returns and excellent execution



# Attractive Geographic Footprint



# Transformation Built the Foundation for Success

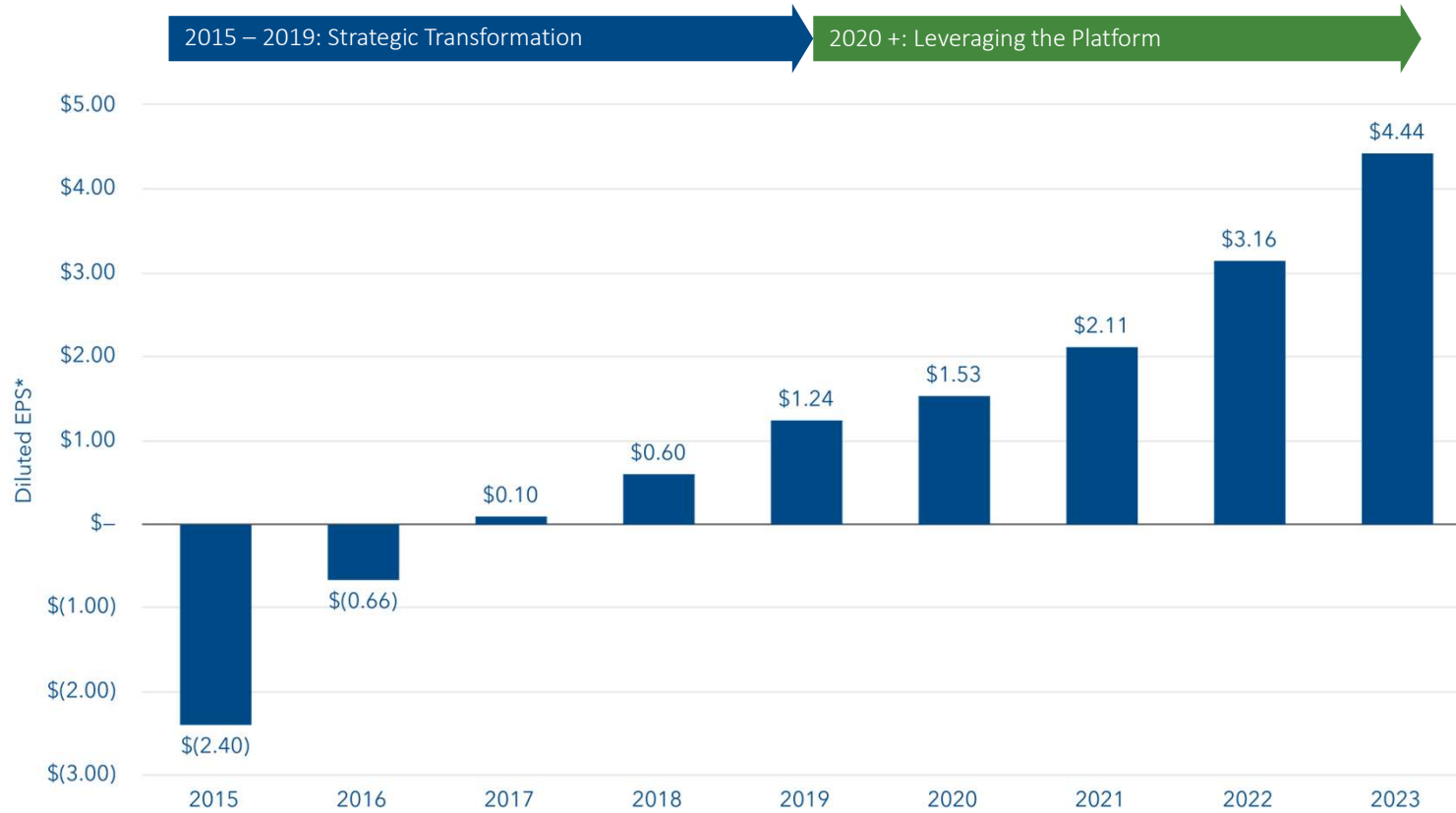


**Revenue CAGR  
2019-2023:  
+21%**



\* Revenue and Operating margin from continuing operations

# Leveraging the Foundation to Drive Growth



**EPS CAGR  
2019-2023:  
+38%**

**Historical  
Bottom-line  
Growth ~2X  
Top-Line  
Growth**



# Diverse Platform Serving Attractive Markets

Sterling is playing a critical role in building the data infrastructure that enables today's way of life, the manufacturing production coming back to the US, the highways, the bridges, and the airports that connect us and the homes we live in.



# Strong, Multi-Year Growth Drivers



## Building Solutions

Residential and Commercial concrete slabs in the Dallas/Fort Worth, Houston, and Phoenix markets. Plumbing capabilities (rough in, top outs, fixtures) in DFW.

### Key Drivers:

- + Demand for single-family homes in Dallas, Houston, and Phoenix markets
- + Share gain in Houston and Phoenix markets
- + Plumbing demand and cross-selling capabilities
- + Favorable mix shift



## Transportation Solutions

Infrastructure and rehabilitation projects for highways, roads, bridges, airports, ports, light rail and storm drainage systems in the Rocky Mountain states and Texas

### Key Drivers:

- + Strong state and local funding
- + Infrastructure Bill: \$643B Transportation programs (\$284B incremental), \$25B for Airports over 5 years
- + Over \$185B in IIJA\* funding for 7,000+ transportation projects

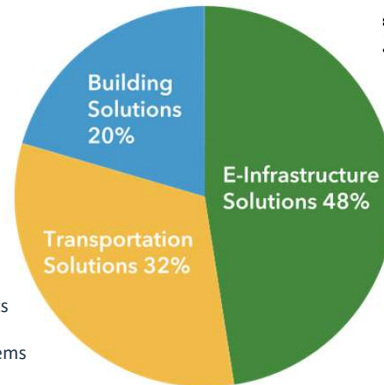


## E-Infrastructure Solutions

Leading provider of large-scale specialty site infrastructure improvement contracting services, including site selection and preparation, in the Southeastern, Northeastern and Mid-Atlantic U.S.

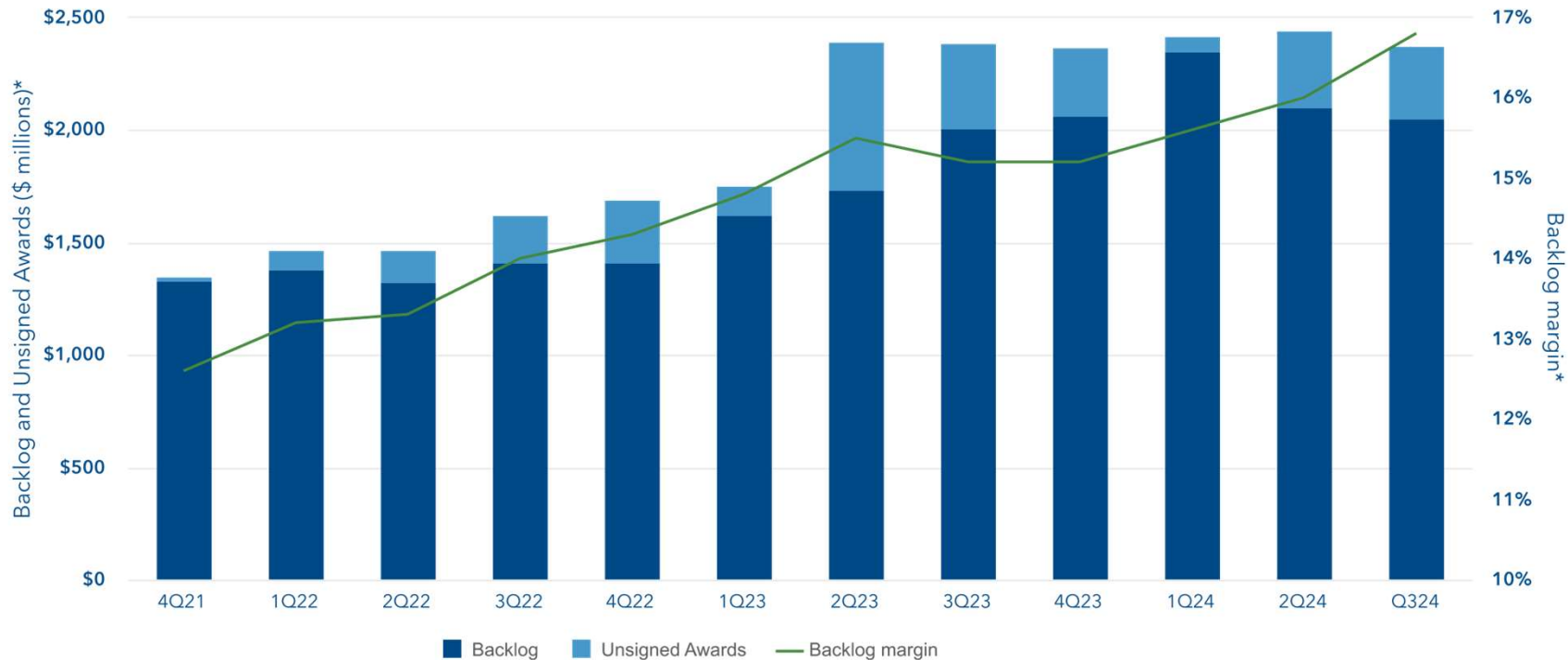
### Key Drivers:

- + Strong demand for data centers and mission-critical projects
- + Current data center capacity represents only a fraction of what is needed to support AI and other emerging technologies
- + Megaproject opportunity, including semiconductor fabrication ("chips"), on the horizon for 2026 and 2027
- + E-Commerce distribution center and small warehouses showing early signs of activity





# Backlog, a Pipeline of High-Profitability Work



**Backlog Does Not Include >\$0.5B of Future-Phase Work**

# Financial Overview

# Third Quarter 2024 Results Highlights

## 3Q24 vs 3Q23: 6% Revenue Growth and 56% Increase in Diluted EPS

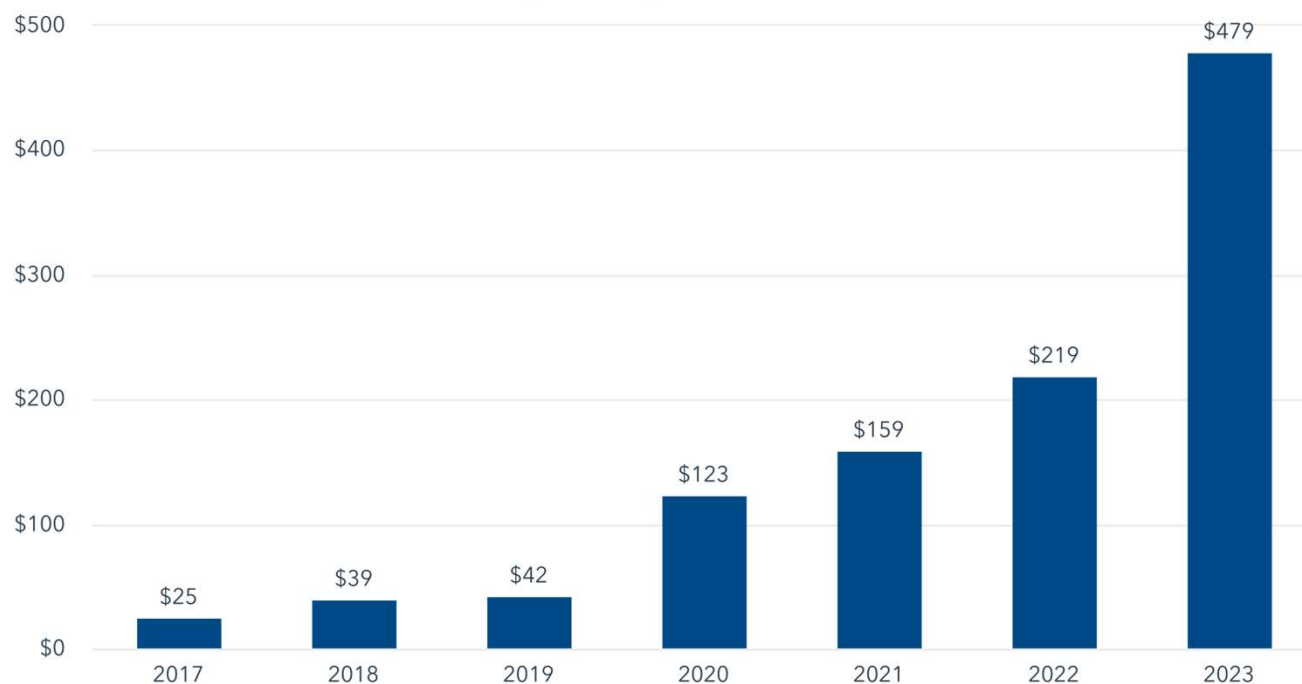
- + Revenues: \$593.7 million
- + Net Income: \$61.3 million
- + Diluted EPS: \$1.97
- + EBITDA<sup>(1)</sup>: \$100.8 million
- + Cash Flow from Operations<sup>(2)</sup>: \$322.8 million
- + Cash & Cash Equivalents<sup>(3)</sup>: \$648.1 million
- + Backlog<sup>(3)</sup>: \$2.06 billion with 16.8% margin
- + Combined Backlog<sup>(4)</sup>: \$2.37 billion



(1) The Company defines EBITDA as GAAP net income attributable to Sterling common stockholders adjusted for depreciation and amortization, net interest expense and taxes. See EBITDA reconciliation.  
(2) Cash flow from operations for the nine months ended September 30, 2024.  
(3) Cash & Cash Equivalents and Backlog at September 30, 2024.  
(4) Combined Backlog includes Unsigned Awards of \$319.6 million at September 30, 2024.

# Strong Cash Flow Profile Provides Flexibility and Supports Growth Investments

Operating Cash Flow



## Considerations:

- In recent quarters, cash flow has benefited from the timing of cash payments on large projects in E-Infrastructure and Transportation Solutions.
- Over the long-term, we expect that operating cash flow will approximate operating income.

# Balance Sheet with Significant Firepower to Support Future Growth



## Considerations:

- We expect to pursue strategic uses of our liquidity, including acquisitions, investing in capital equipment and managing leverage.
- Sterling is comfortable with a forward-looking debt/EBITDA coverage ratio of +/-2.5X.
- 5-Year Credit Facility as of September 30, 2024:
  - \$324M Term Loan Borrowings
  - \$75M Revolving Credit Facility (Undrawn)
- Net cash position as of September 30, 2024:
  - \$326M, or \$10.44 per diluted share.

# Capital Allocation Priorities Support Growth in Existing and New Markets

## Support organic growth in existing and new markets

- + Capital expenditures support multi-year growth, weighted toward E-Infrastructure Solutions

## Strategic M&A - "Bolt on" and/ or 4th Leg Opportunities

- + "Bolt-ons": Continue to evaluate small-to-mid sized acquisition opportunities that compliment our current service offerings and customer base
- + 4th Leg opportunities: Adjacent market opportunities with exposure to strong, multi-year infrastructure investment trends and/or a recurring revenue element
- + Seeking margin-accretive deals with attractive end market exposures at a reasonable price

## Share Repurchase Program

- + \$200 million authorization
- + Taking an opportunistic approach to repurchase





# Full Year 2024 Guidance

Revenue of \$2.150 to \$2.175 billion

Net Income of \$180 to \$185 million

EPS of \$5.85 to \$6.00

EBITDA<sup>(1)</sup> of \$310 to \$315 million

*“We believe 2024 will be another excellent year for Sterling. Given our strong results through the third quarter and backlog position, we are raising our full year profitability guidance. The midpoint of our 2024 guidance would represent 10% revenue growth, 32% net income growth and 21% EBITDA growth”*

*- Joe Cutillo, STRL 3Q24 Conference Call*

# **Sterling, a Leading Provider of Infrastructure Services in the U.S.**

**Successful strategic foundation with strong, diversified platform**

**Strong, multi-year, secular growth drivers**

**Continued opportunity for margin expansion**

**Robust balance sheet, FCF**

**Strong historical stock performance**

# Appendix



# 2024 Modeling Considerations<sup>(1)</sup>

Revenue	\$2,150 to \$2,175
Gross Margin	19.0% to 20.0%
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	~\$12
Effective Income Tax Rate	~24%
Net Income	\$180 to \$185
Diluted EPS	\$5.85 to \$6.00
Expected Dilutive Shares Outstanding	31.0
EBITDA <sup>(2)</sup>	\$310 to \$315

# 2024 Modeling Considerations Continued\*

Non-Cash Items	FY 2024 Expectations	FY 2023
Depreciation	\$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	\$7 to \$8	\$14.7

Other Cash Flow Items	FY 2024 Expectations	FY 2023
Interest expense, net of interest income	\$0	\$15.2
CAPEX, net of disposals	\$65 to \$70	\$50.6

# Quarterly Consolidated and Segment Results

(\$ in millions)	Q3 2024	Q3 2023
Revenues	\$ 593.7	\$ 560.3
Gross Profit	129.8	91.9
G&A Expense	(30.7)	(25.2)
Intangible Amortization	(4.3)	(3.7)
Acquisition Related Costs	(0.1)	(0.1)
Other Operating Expense, Net	(7.3)	(5.7)
Operating Income	87.5	57.1
Interest, Net	1.3	(3.1)
Income Tax Expense	(23.4)	(13.9)
Less: Net Income Attributable to NCI	(4.1)	(0.8)
Net income	\$ 61.3	\$ 39.4
Diluted EPS	\$ 1.97	\$ 1.26
EBITDA <sup>(1)</sup>	\$ 100.8	\$ 71.2

(\$ in millions)	Q3 2024	Q3 2023
<b>E-Infrastructure Solutions</b>		
Revenue	\$ 263.9	\$ 253.9
Operating Income	\$ 68.1	\$ 35.9
Operating Margin	25.8 %	14.2 %
<b>Transportation Solutions</b>		
Revenue	\$ 227.3	\$ 193.0
Operating Income	\$ 18.6	\$ 14.5
Operating Margin	8.2 %	7.5 %
<b>Building Solutions</b>		
Revenue	\$ 102.6	\$ 113.4
Operating Income	\$ 11.2	\$ 12.8
Operating Margin	11.0 %	11.3 %



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



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

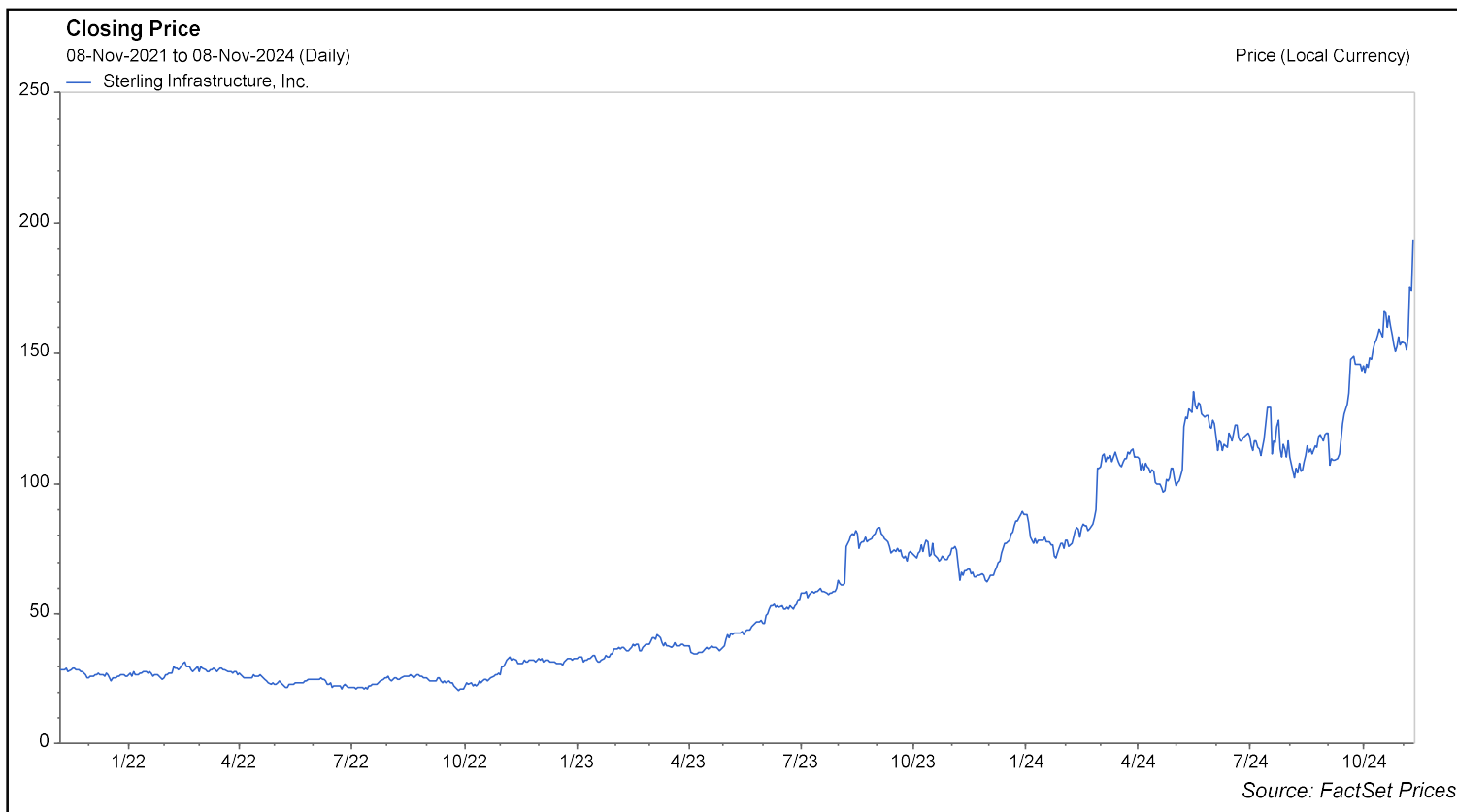
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income attributable to Sterling common stockholders	\$ 61,321	\$ 39,353	\$ 144,248	\$ 98,482
Depreciation and amortization	17,363	14,857	50,546	42,529
Interest expense, net of interest income	(1,305)	3,107	(335)	14,189
Income tax expense	23,404	13,891	48,960	35,429
EBITDA <sup>(1)</sup>	<u>100,783</u>	<u>71,208</u>	<u>243,419</u>	<u>190,629</u>
Acquisition related costs	72	103	209	352
Adjusted EBITDA <sup>(2)</sup>	<u>\$ 100,855</u>	<u>\$ 71,311</u>	<u>\$ 243,628</u>	<u>\$ 190,981</u>



**STERLING INFRASTRUCTURE, INC. & SUBSIDIARIES**  
**EBITDA GUIDANCE RECONCILIATION**  
(In millions)  
(Unaudited)

	Full Year 2024 Guidance	
	Low	High
Net income attributable to Sterling common stockholders	\$ 180	\$ 185
Depreciation and amortization	67	67
Interest expense, net of interest income	—	—
Income tax expense	63	63
EBITDA <sup>(1)</sup>	<u>\$ 310</u>	<u>\$ 315</u>

# STRL 3-Year Stock Price Performance



# Sustainability

From strategy to operations, we are committed to sustainability by operating responsibly to safeguard and improve society's quality of life.

## Protecting Our Environment

- + Sound governance
- + Environmentally responsible construction services and solutions for today and tomorrow

## Taking Care of Our People

- + Sterling's safety rating consistently ranks 10X better than the industry average
- + Employee wellness programs through extensive benefit offerings
- + Training & Development programs, including the new focused training through Sterling Academy
- + Caring for our communities and supporting organizations across our footprint and beyond

## Governance

- + Committed to conducting business ethically and with integrity and full transparency
- + Committed to strong and effective governance practices that promote and protect the interests of our shareholders







## Contact Us

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