LIMBACH

NASDAQ: LMB

2024 Q1 Earnings | May 2024

Investor Presentation

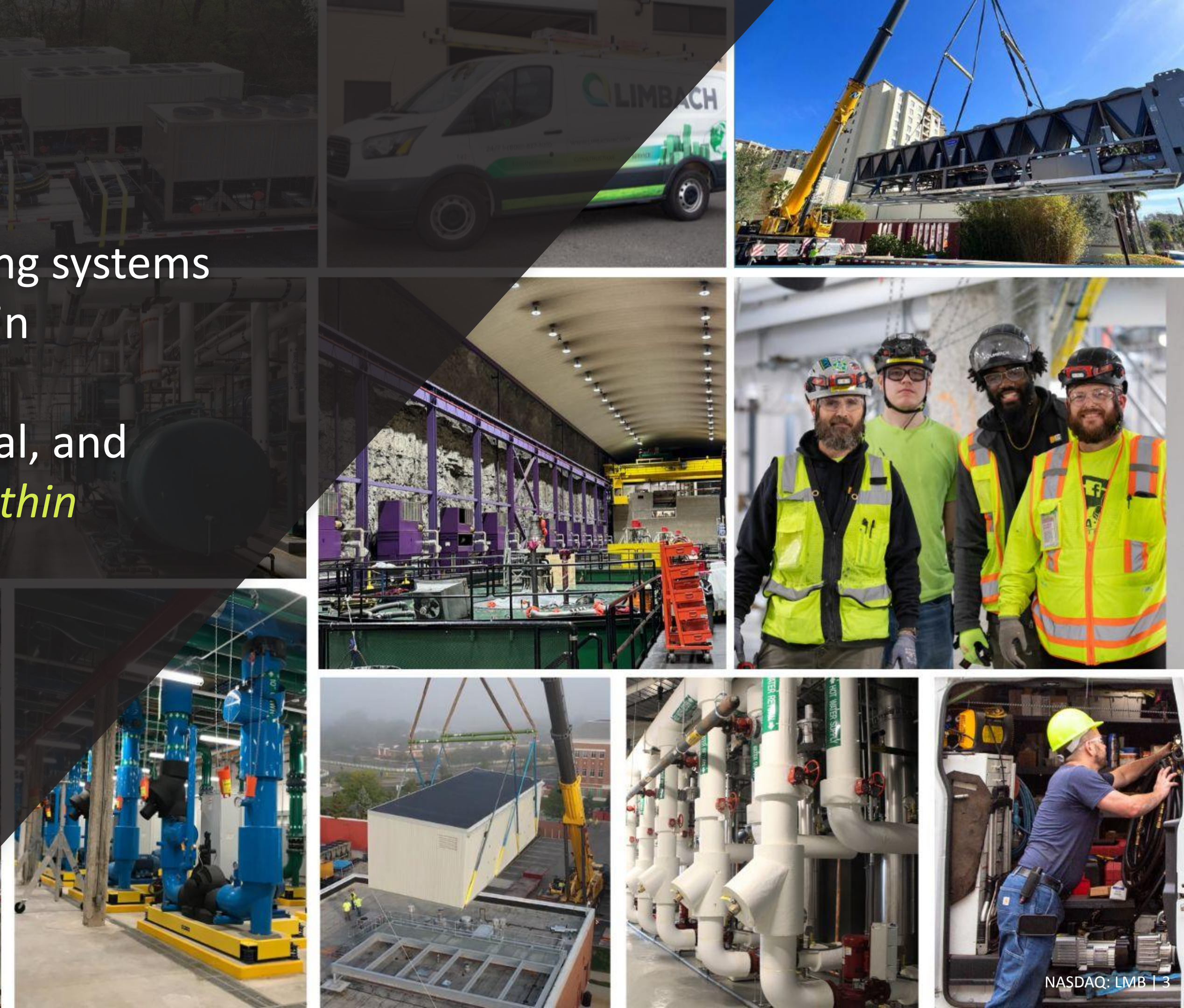
Forward Looking Statements

We make forward-looking statements in this presentation within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations or forecasts for future events, including, without limitation, the execution of the Company's long-term strategic roadmap and Limbach 3.0. These statements may be preceded by, followed by or include the words "may," "might," "will," "will likely result," "should," "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "continue," "target, " "scenario" or similar expressions. These forward-looking statements are based on information available to us as of the date they were made and involve a number of risks and uncertainties which may cause them to turn out to be wrong. Some of these risks and uncertainties may in the future be amplified by the COVID-19 outbreak and there may be additional risks that we consider immaterial, or which are unknown. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Please refer to our most recent annual report on Form 10-K, as well as our subsequent filings on Form 10-Q and Form 8-K, which are available on the SEC's website (www.sec.gov), for a full discussion of the risks and other factors that may impact any forward-looking statements in this presentation.

LIMBACH

Limbach is a leading building systems solutions firm specializing in *revitalizing mission-critical* mechanical/HVAC, electrical, and plumbing *infrastructure within existing buildings*.

MECHANICAL ELECTRICAL PLUMBING



Limbach At-A-Glance

WHO WE ARE

A building systems solutions firm with expertise in **mechanical**, **electrical**, and **plumbing** systems.

1,300 TEAM MEMBERS

19 BRANCH LOCATIONS

WHO WE PARTNER WITH

We partner with **Building Owners** with **Mission-Critical MEP Infrastructure**

Healthcare

Industrial & Manufacturing

Data Centers

Life Science

Higher Education

Cultural & Entertainment

OUR FOCUS & IMPACT

We help limit downtime, increase energy efficiency, and reduce operating costs by **revitalizing existing infrastructure**

Our Key Markets - Focused on Mission Critical Markets with Durable Demand

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Carving our own path to lessen the impact of **macroeconomic trends**

Mission-critical facilities where **operations must remain online**

Flexibility in budgets, catering to customer needs spanning both **Operating Expense and Capital Project budgets**

Durable demand, we partner with top customers with competitive positioning and market growth

Limbach Combines Best-in-Class Attributes of Key Verticals

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While our market has numerous competitors, Limbach has combined the best aspects of each in this space, enabling us to be the **one-stop-shop** for building owners to **maximize their investment** of their mission-critical assets.

	Example of Firms:	Typical Clients:	Custom Engineered Solutions:	In-House Craft/Field Expertise:	Equipment/ Platform Agnostic:	Vertical Market Discipline:
Specialty Contractors	COMFORT SYSTEMS USA APi Group	GC/CM	✓	✓	✓	✗
Consulting & Engineering Firms	AMERESCO TETRA TECH	Building Owners	✓	✗	✓	✗
OEM Firms	TRANE AAON	Building Owners Specialty Contractors	✓	✓	✗	✗
Property Managers	CBRE JLL	Building Owners	✗	✗	✓	✗
Full-Life Cycle Capability Firm	LIMBACH	Building Owners GC/CM	✓	✓	✓	✓

GC = General Contractor
CM = Construction Manager

Two Operating Segments - ODR and GCR

Owner Direct Relationships ("ODR")

ODR work is driven by **developing and proposing customized solutions**, where competing firms are challenged to provide solutions

- Includes reoccurring revenue from service and maintenance contracts.
- Reduce risk by being in a direct payment relationship with owner vs. indirect, reducing collection cycles from change order processing.
- Shorter schedules and increased number of transactions
- **ODR Quarterly Gross Margin FY2023:**
  - Q1: 27.1%
  - Q2: 29.3%
  - Q3: 29.3%
  - Q4: 30.1%

General Contractor Relationships ("GCR")

GCR projects are characterized as having a solution in place therefore are more likely to be procured through a **competitive bid process**

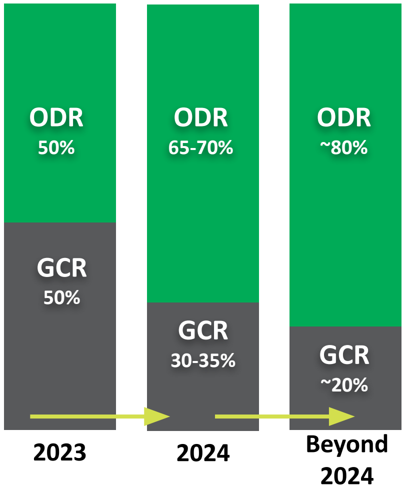
- Most E&C peers are focused on large construction, working for General Contractors
- Tends to more cyclical and dependent on macroeconomic conditions
- Production Labor Dependent & longer schedules making it difficult to pass along inflationary costs
- **GCR Quarterly Gross Margin FY2023:**
  - Q1: 16.6%
  - Q2: 17.1%
  - Q3: 19.3%
  - Q4: 15.0%

Overarching Goal: Maximized Returns

Focused on Growth

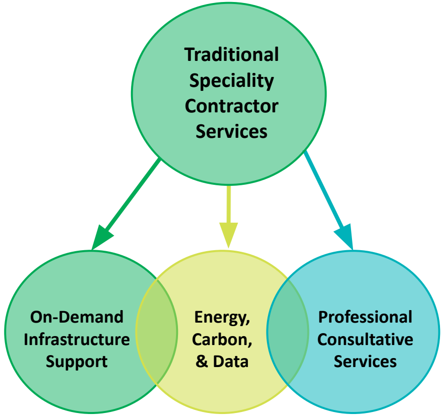
Three Pillar Approach to Scale the Business:

Organic Segment Revenue Percentage Mix Shift



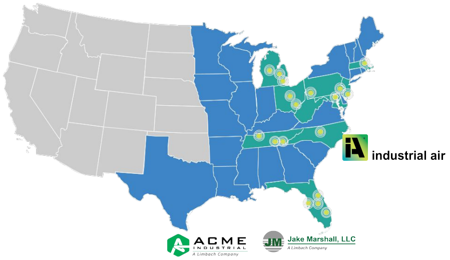
Full Transition to Achieving Optimal Higher Margin Mix

Margin Expansion Through Evolved Offerings



Transformation from Contractor to OEM Margins

Scale Through Acquisitions

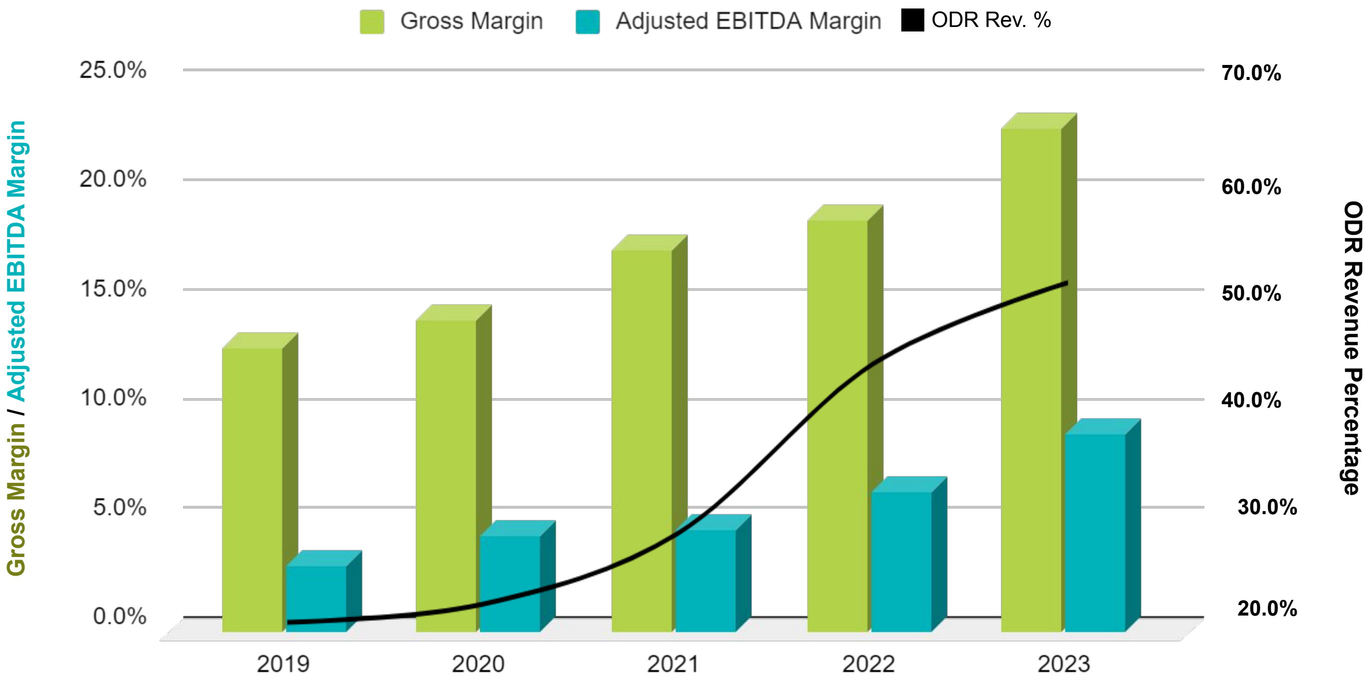


1. Geographic Footprint Expansion & Tuck-In Acquisitions to strengthen market share & footprint
2. Expanded Offerings & Services

Grow Footprint and Building Owner Market Share

Pillar #1 - Performance Due to Mix Shift

Over the period from FY 2019 – FY 2023, Gross Margin has **expanded nearly 1,010 bps** to **23.1%**
This has enabled us to drive Adjusted EBITDA Margin[1] up more than **3x** from **3.0% to 9.1%**



1. See Adjusted EBITDA margin calculation on slide 25.

Pillar #1 – Organic Segment Mix Shift To Achieve Maximized Returns

Challenging Industry Paradigms; Bigger isn't Better

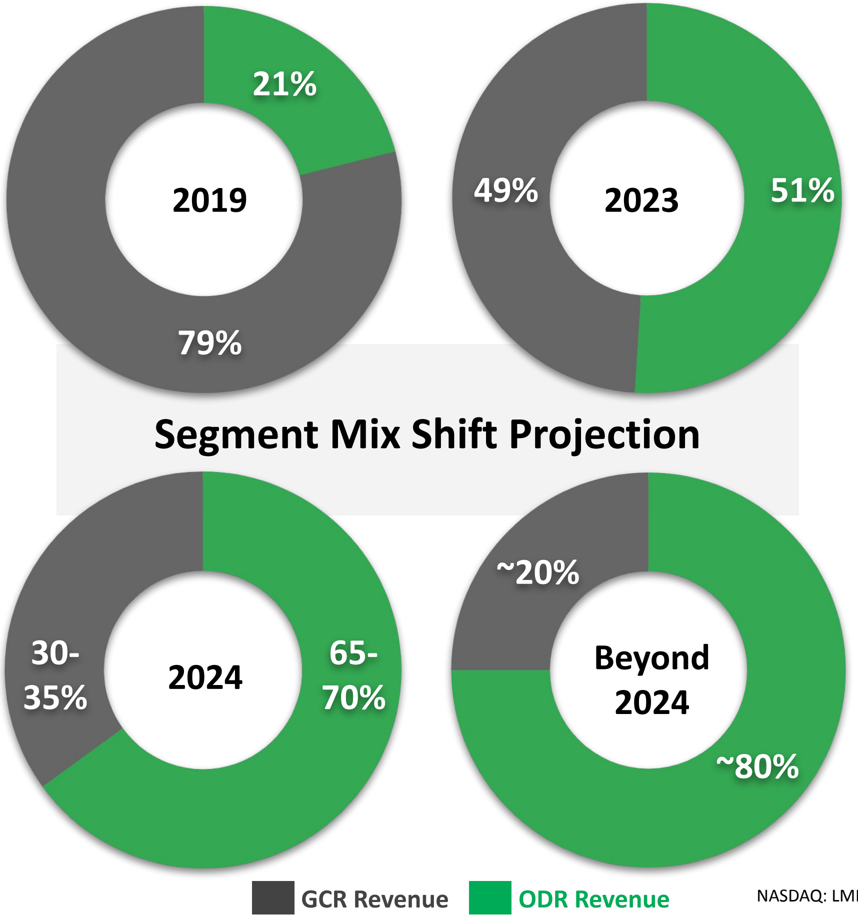
GCR work is less sales focused, dependent on **production field craft and operations staff**

ODR work consists of multiple transactions with heavier **focus on sales and account management**

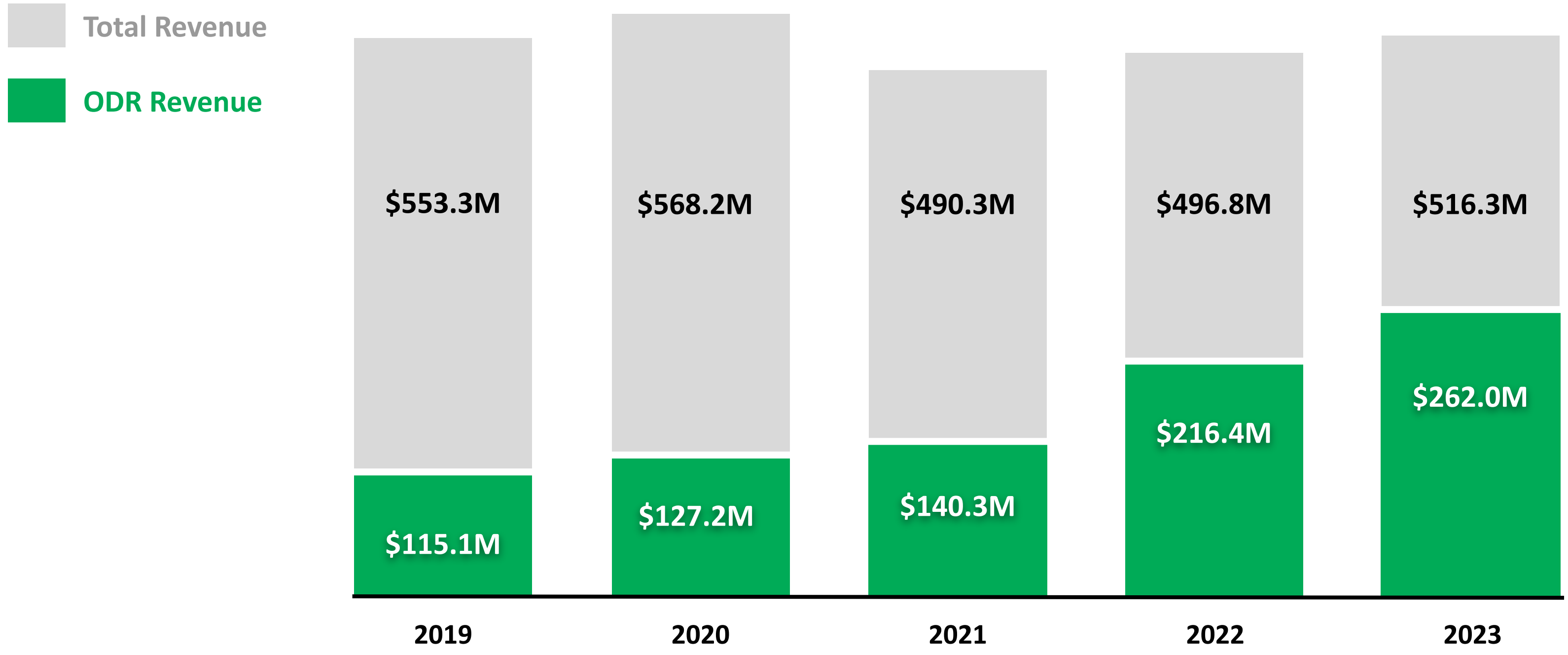
GCR work carries **greater risk,** amplifies with onset of inflation. **ODR work** maintains **stability and resilience** amidst changing **macroeconomic conditions**.

Limbach is creating a **customer-centric culture** focused on our top accounts

Building relationships requires consistent effort, and **creates reoccurring revenue**



Pillar #1 – Total Revenue is Static, but Higher Margin ODR Revenue is Growing



Consolidated Revenue is down **6.7%** from 2019

ODR Revenue is up **127.5%** from 2019

Total revenue growth occurs once optimal **higher margin mix shift** is optimized

Pillar #2 - Expanded Margins through Evolved Customer Services

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LMB 2023 Services:		Evolved LMB Services:	
GCR	Competitive Lump Sum Bidding	ODR	On-Demand Facility Services
	Design-Assist		Critical System Repairs
	Design-Build		Data Driven Solutions
	Performance Contracting		Maintenance & Operations
ODR	Maintenance Contracts		MEP Infrastructure Projects
	Spot Work		Equipment Upgrades & Products
	Water Treatment		Professional Consultative Services
	Automated Temp. Controls		Building Automation Upgrades
	Special Projects		Energy Efficiency Upgrades
			Decarbonization Initiatives

2024 Current Focus

2025 Projected Focus

2026 Projected Focus

Mechanical Contractor → *Building Systems Solutions Firm*

Pillar #2 - Expanded Margins through Evolved Customer Services

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Unique Service Offerings:

- On-Demand Services (Rental Equip.)
- Critical System Repairs
- Data Driven Solutions
- Maintenance & Operations
- MEP Infrastructure Projects
- Equipment Upgrades & Products
- Professional Consultative Services
- Building Automation Upgrades
- Energy Efficiency Upgrades
- Decarbonization Initiatives

BayCare
Massachusetts Institute of Technology
OhioHealth
City of Detroit
The George Washington University, Washington, DC
Wacker
Orlando Health
Sarasota Memorial Health Care System
The Ohio State University Wexner Medical Center
Shaw
NJIT New Jersey Institute of Technology
GRACE Talent | Technology | Trust
Holy Cross Health, A Member of Trinity Health
TVA
First Quality
Corewell Health
Brigham Health, Brigham and Women's Hospital
HCA Healthcare
Main Line Health
Independence Health System
Halifax
Trinity Health
Inspira Health
Harvard Faculty of Arts and Sciences
Bausch + Lomb
AdventHealth

Customer Value:

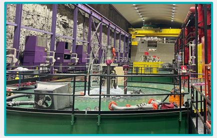
- Mission-critical building systems solutions support providing best-in-class options for long- and short-term impacts
- Dedicated resources: onsite every day to become an extension of a customer's staff, developing expertise in their systems; leads to trusted partnerships
- Maximize returns on building assets by reducing costs and energy usage and meeting sustainability objectives
- Solutions that are optimized for the customer; not promoting a brand of equipment
- Expertise to provide customized solutions
- Indispensable partner to customers leads to long-term relationships generating consistent, reoccurring revenue, attractive margins and opportunities to grow the business with the customer

Pillar #2 - What We Do - Catering to Customer Needs & Budgets

Operating Expense


On-Demand Services

Maintenance & Operations


Critical System Repairs


Equipment Upgrades

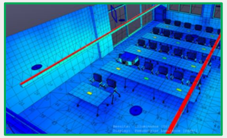

Rental Equipment

Capital Projects


Mechanical Infrastructure Projects


Building Automation Upgrades

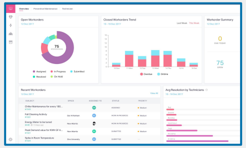
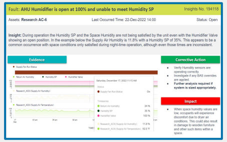

Decarbonization Initiatives


Energy Efficiency Upgrades

Professional Services

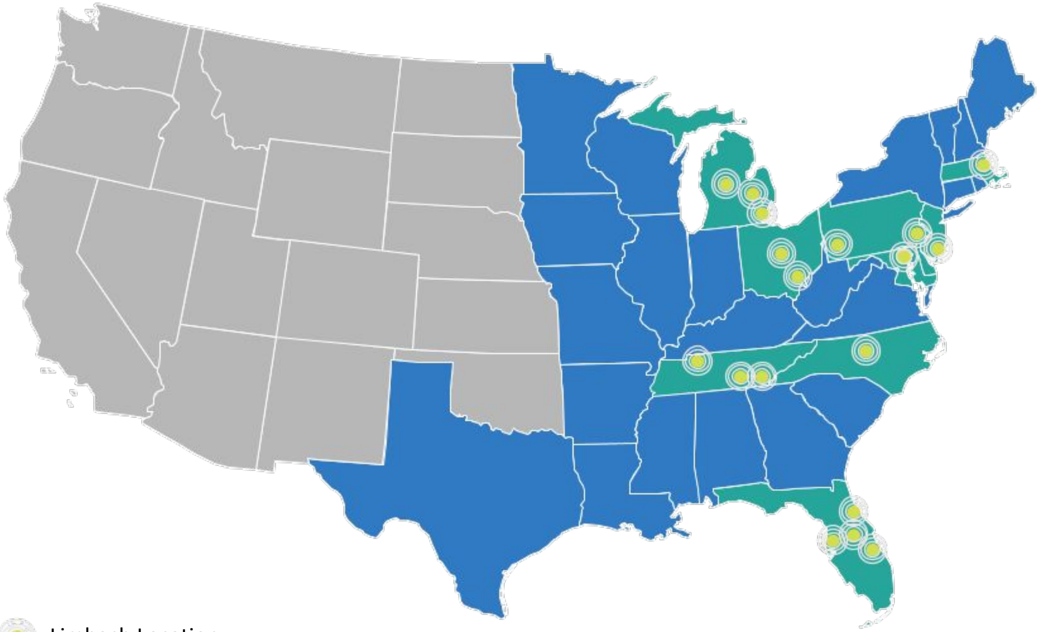

Consultative Services


Facility Assessments



Data Driven Solutions (CMMS, Insights, Asset Management)

Pillar #3 - Current & Target Geographies

Disciplined and focused M&A strategy comprises "Tuck-In" and "Expansion" acquisitions of companies with consistent and scalable business models



Limbach Location

States with branch locations and potential tuck-in opportunity

Potential new geographies for acquisitions

Tuck-In Acquisition Criteria

- ❑ Total Revenue: $10-15M w/80%+ ODR Revenue
- ❑ +15% YoY ODR Growth
- ❑ Focus on Gross Profit Quality & Account Resources
- ❑ Ex: ACME INDUSTRIAL A Limbach Company

New Geography Acquisition Criteria

- ❑ Total Revenue: $25M-40M w/Strong ODR Mix
- ❑ Local Niche with Mature Building Owner Relationships
- ❑ Ex: Jake Marshall, LLC A Limbach Company; industrial air

Pillar #3 - Recent Tuck-In Transaction – Closed July 3, 2023

ACME INDUSTRIAL
A Limbach Company

M&A CRITERIA:

☑ Geographic Proximity:
- **Attractive Operating Footprint**

Chattanooga, TN location is expected to be synergistic with Limbach's existing Jake Marshall subsidiary.

☑ Supports ODR Strategy:
- **Increased ODR Exposure**
- **Attractive Customer Base**

Emphasis on expanding ODR Segment with significant owner-direct exposure and an indispensable 'on-premise' presence at a number of Fortune 500 caliber customers.

☑ Attractive Business Model:
- **Compelling Valuation & Structure**

Total consideration paid by Limbach at closing was $5 million (subject to typical working capital adjustments), sourced from available cash, with performance-based, contingent earn-outs totaling $2.5 million.

☑ Capability Expansion:
- **Value Creation Opportunities**
- **Emphasis on Industrial Sector**

Specialize in Industrial Maintenance & Operations, Critical System Repairs, and Emergency Services with clients in the Chemical & Manufacturing Clients & Hydroelectric Producers.

☑ Other:
- **Cultural Compatibility**
- **Tech Focused**

ACME expects to contribute on average $10 million in revenue and in excess of $1 million in EBITDA on a full year basis.

Pillar #3 - Recent New Geography Transaction – Closed November 1, 2023

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M&A CRITERIA:

- Geographic Proximity:
  - **Attractive Operating Footprint**
- Supports ODR Strategy:
  - **Increased ODR Exposure**
  - **Attractive Customer Base**
- Attractive Business Model:
  - **Compelling Valuation & Structure**
- Capability Expansion:
  - **Value Creation Opportunities**
  - **Emphasis on Industrial Sector**
- Other:
  - **Cultural Compatibility**
  - **Tech Focused**

iA industrial air

Greensboro, NC location is strategically located.

Significant share of revenues are owner-direct in nature, dovetailing well with Limbach's focus on expanding segment opportunities.

Total consideration paid by Limbach at closing was $13.5 million (subject to typical working capital adjustments), sourced from available cash, with performance-based, contingent earn-outs totaling $6.5 million available over the 2024 / 2025 period.

Strong relationships with key customers in industrial and manufacturing end markets. These key customers have multiple facilities across the eastern US.

Industrial Air expects to contribute on average $30 million in revenue and $4 million in EBITDA on a full year basis.

Strong Balance Sheet and Disciplined Capital Allocation Strategy

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Key Balance Sheet Items		
	March 31, 2024[1]	December 31, 2023[1]
Cash and Cash Equivalents	$48.2	$59.8
Current Assets	$199.4	$217.0
Current Liabilities	$124.4	$145.1
Working Capital	$75.0	$71.9
Net (Over) / Under Billing[2]	$(16.0)	$(12.7)
Revolver	$10.0	$10.0
Term Loan	—	—
Financing Liability (Sale and Leaseback Transaction)	$5.4	$5.4
Vehicle Finance Leases	$6.9	$7.3
Total Debt	$22.3	$22.7
Net Debt (Cash)[3]	$(25.9)	$(37.1)
Equity	$125.5	$120.9

Balance Sheet to fund organic growth and acquisitions

Investment in expanding and evolving service offerings

Strategic acquisitions – disciplined acquisition criteria

Dollars in millions.

1. See the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2024.
2. For the calculation of the Company's net billing position, refer to Note 4 to the condensed consolidated financial statements within the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2024.
3. The Company's calculation of the Net Debt (Cash) position is Cash and Cash Equivalents minus Total Debt.

Financial Goals

2024 Guidance[1]

Revenue

$510M to $530M Total Revenue

Mix Shift 65% to 70%

ODR Revenue Growth: 25% to 36%

Gross Margin / Adj. EBITDA

Total Gross Margin 24-26%

Adjusted EBITDA $51M to $55M

Adj. EBITDA Margin 9.6% to 10.8%

Cash

Continued Strong Cash Flow

70% of Adj. EBITDA = Free Cash

1. Reflects guidance issued by the Company on May 8th, 2024 . This guidance speaks only as of this date and this presentation does not constitute confirmation or updating of guidance. Free cash flow is defined as cash flow from operating activities, less changes in working capital and capital expenditures (excluding investment in rental equipment). See slide 2.

Investment Highlights

Strategy Combines Organic Growth and Strategic Acquisitions

Compelling Customer Value Creates Competitive Advantage

Reoccurring, Mission Critical Revenue and Economically Resilient Business

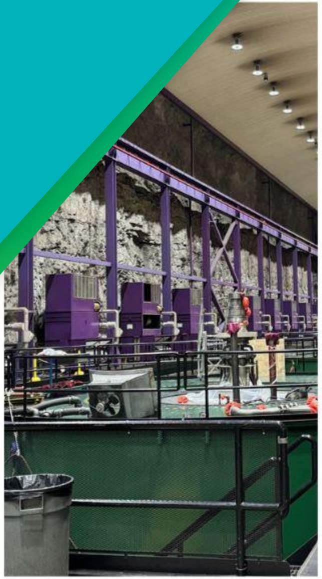
Strong Balance Sheet and Capital Allocation Strategy

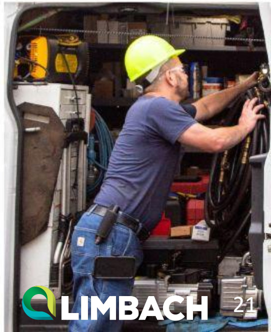
Large Market Opportunity with Tailwinds for Sustained Growth

Diversified Customers and Markets

Limited Fixed Costs and Smaller Projects Provide Flexible Business Model

Revitalizing Existing Infrastructure to Focus on Sustainability and Cost Efficiency



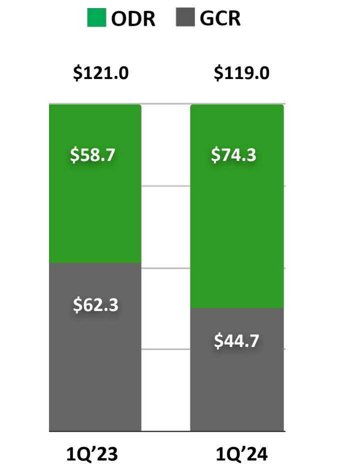


APPENDIX

Operating and Financial Update

1Q'24 Performance

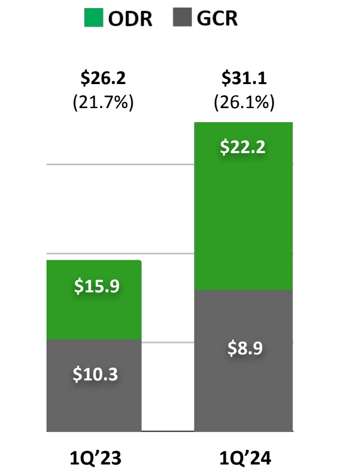
Revenue[1]



Year-Over-Year Change

- 1.7%

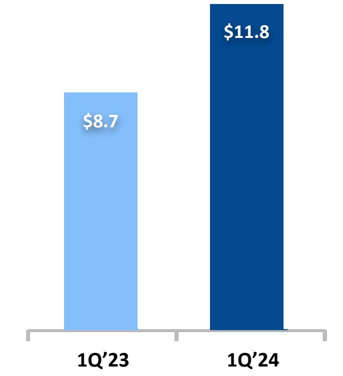
Gross Profit and (Margin)[1]



Year-Over-Year Change

+ 18.5%

Adjusted EBITDA[2]



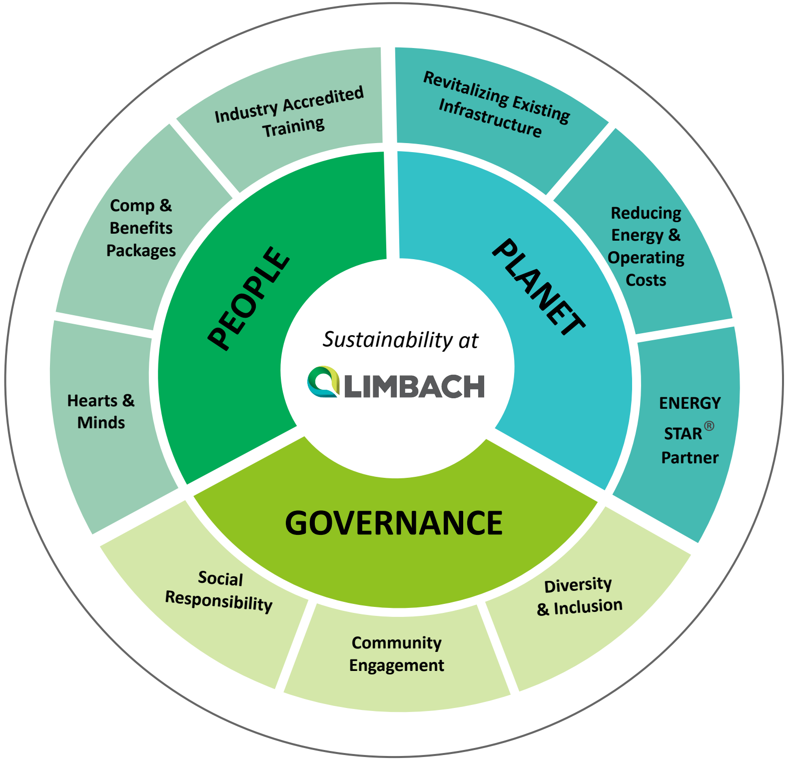
Year-Over-Year Change

+ 35.4%

Dollars in millions. Totals may not foot due to rounding.

1. See the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2024.
2. See slide 24 and 25 for Non-GAAP Reconciliation Table.

Sustainability at Limbach



People: Empowering Our Team & Supporting Our Communities

- We champion employee health and safety through our Hearts & Minds program
- We offer competitive compensation and a range of benefits and programs
- Our dedication to employee growth was recognized with the APEX award from Training magazine in 2023 & 2024
- We take great pride in contributing to the communities where we live and operate through our Hearts & Hands ERG

Planet: Revitalizing Existing Infrastructure

- Building MEP systems are a major source of carbon emissions
- Our focus: Enhancing energy efficiency and cutting operating costs by revitalizing existing infrastructure
- ENERGY STAR® Partner: Providing facility assessments and engineered solutions

Governance: Governing Responsibility

- Committed to transparency, accountability and ethical conduct
- Decisions are made in the best interest of stockholders and stakeholders
- Clear policies and procedures to mitigate risks and safeguard assets
- Board oversight of sustainability policies and programs
- Code of Conduct and Ethics
- Whistleblower policy

Non-GAAP Reconciliation Table

Reconciliation of Adjusted EBITDA Margin*

(in thousands)	Fiscal Year ended December 31, 2019	2020	2021	2022	2023	Three Months Ended March 31, 2024	2023
Revenue:	**$ 553,334**	**$ 568,209**	**$ 490,351**	**$ 496,782**	**$ 516,350**	**$ 118,976**	**$ 121,009**
Net income (loss)	**($ 1,775)**	**$ 5,807**	**$ 6,714**	**$ 6,799**	**$ 20,754**	**$ 7,586**	**$ 2,993**
Adjustments:							
Depreciation and amortization	6,286	6,171	5,948	8,158	8,244	2,712	1,922
Interest expense	6,285	8,627	2,568	2,144	2,046	475	667
Interest income	—	—	—	—	(1,217)	(562)	—
Non-cash stock-based compensation expense	1,766	1,068	2,601	2,742	4,910	1,249	1,133
Loss on early debt extinguishment	513	—	1,961	—	311	—	—
Impairment of goodwill	4,359	—	—	—	—	—	—
Change in fair value of warrant liability	(588)	1,634	(14)	—	—	—	—
Change in fair value of interest rate swap	—	—	—	(310)	124	(149)	156
Severance expense	—	622	—	—	—	—	—
Loss on early termination of operating lease	—	—	—	849	—	—	—
CEO Transition costs	—	—	—	—	958	—	811
CFO Transition costs	576	—	—	—	—	—	—
Gain on embedded derivative	(388)	—	—	—	—	—	—
Restructuring costs	—	—	—	6,016	1,770	120	240
Change in fair value of contingent consideration	—	—	—	2,285	729	623	141
Income tax provision (benefit)	(282)	1,182	2,763	2,809	7,346	(327)	622
Acquisition and other transaction costs	—	—	735	273	826	30	—
Adjusted EBITDA	$ 16,752	$ 25,111	$ 23,276	$ 31,765	$ 46,801	$ 11,757	$ 8,685
Adjusted EBITDA Margin	3.0%	4.4%	4.7%	6.4%	9.1%	9.9%	7.2%

***Use of Non-GAAP Financial Measures**

In assessing the performance of our business, management utilizes a variety of financial and performance measures. The key measure is Adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income plus depreciation and amortization expense, interest expense (net), and taxes, as further adjusted to eliminate the impact of, when applicable, other non-cash items or expenses that are unusual or non-recurring or that we believe do not reflect our core operating results. We believe that Adjusted EBITDA is meaningful to our investors to enhance their understanding of our financial performance for the current period and our ability to generate cash flows from operations that are available for taxes, capital expenditures and debt service. We understand that Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties as a measure of financial performance and to compare our performance with the performance of other companies that report Adjusted EBITDA. Our calculation of Adjusted EBITDA, however, may not be comparable to similarly titled measures reported by other companies. When assessing our operating performance, investors and others should not consider this data in isolation or as a substitute for net income (loss) calculated in accordance with GAAP. Further, the results presented by Adjusted EBITDA cannot be achieved without incurring the costs that the measure excludes.

Non-GAAP Reconciliation Table

Reconciliation of Free Cash Flow*

(in thousands)	Fiscal Year ended December 31, 2019	2020	2021	2022	2023	Three Months Ended March 31, 2024	2023
Adjusted EBITDA:	**$ 16,752**	**$ 25,111**	**$ 23,276**	**$ 31,765**	**$ 46,801**	**$ 11,757**	**$ 8,685**
Free Cash Flow:							
Net Income (loss)	($ 1,775)	$ 5,807	$ 6,714	$ 6,799	$ 20,754	$ 7,586	$ 2,993
Non-cash operating activities[(1)]	16,568	13,767	16,997	17,634	18,222	4,712	4,570
Less: Purchases of property and equipment[(2)]	(2,663)	(1,483)	(791)	(993)	(2,266)	(510)	(923)
Free Cash Flow	**$ 12,130**	**$ 18,091**	**$ 22,920**	**$ 23,440**	**$ 36,710**	**$ 11,788**	**$ 6,640**
Free Cash Flow Conversion %	**72.4%**	**72.0%**	**98.5%**	**73.8%**	**78.4%**	**100.3%**	**76.4%**

1. Represents non-cash activity associated with depreciation and amortization, provision for credit losses / doubtful accounts, stock-based compensation expense, operating lease expense, amortization of debt issuance costs, deferred income tax provision, gain or loss on sale of property and equipment, loss on early termination of operating lease, loss on early debt modification, changes in fair value of contingent consideration, change in fair value of warrant liability, impairment of goodwill, and changes in the fair value of the Company's interest rate swap.
2. Excludes $2,031K of rental equipment purchases made during the three months ended March 31, 2024.

***Use of Non-GAAP Financial Measures**
In assessing the performance of our business, management utilizes a variety of financial and performance measures. The key measure is Adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income plus depreciation and amortization expense, interest expense (net), and taxes, as further adjusted to eliminate the impact of, when applicable, other non-cash items or expenses that are unusual or non-recurring or that we believe do not reflect our core operating results. We believe that Adjusted EBITDA is meaningful to our investors to enhance their understanding of our financial performance for the current period and our ability to generate cash flows from operations that are available for taxes, capital expenditures and debt service. We understand that Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties as a measure of financial performance and to compare our performance with the performance of other companies that report Adjusted EBITDA. Our calculation of Adjusted EBITDA, however, may not be comparable to similarly titled measures reported by other companies. When assessing our operating performance, investors and others should not consider this data in isolation or as a substitute for net income (loss) calculated in accordance with GAAP. Further, the results presented by Adjusted EBITDA cannot be achieved without incurring the costs that the measure excludes.

Contact Us

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