



# Investor Presentation

UBS Global Industrials &  
Transportation Conference  
June 2, 2020



# Disclosure Regarding Forward-Looking Statements

This presentation contains certain forward-looking statements that reflect, when made, the Company's expectations or beliefs concerning future events that involve risks and uncertainties, including with regard to the Company's future performance. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "projects", "should", "will", "would" or similar expressions. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of regulation and the economy, generally. Forward-looking statements inherently involve known and unknown risks, uncertainties, and other factors, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results may differ materially as a result of a number of factors, including, among other things, customer timing, project duration, weather, and general economic conditions; changes in our mix of customers, projects, contracts and business; regional or national and/or general economic conditions and demand for our services; price, volatility, and expectations of future prices of oil, natural gas, and natural gas liquids; variations and changes in the margins of projects performed during any particular quarter; increases in the costs to perform services caused by changing conditions; the termination, or expiration of existing agreements or contracts; the budgetary spending patterns of customers; increases in construction costs that we may be unable to pass through to our customers; cost or schedule overruns on fixed-price contracts; availability of qualified labor for specific projects; changes in bonding requirements and bonding availability for existing and new agreements; the need and availability of letters of credit; costs we incur to support growth, whether organic or through acquisitions; the timing and volume of work under contract; losses experienced in our operations; the results of the review of prior period accounting on certain projects; developments in governmental investigations and/or inquiries; intense competition in the industries in which we operate; failure to obtain favorable results in existing or future litigation or regulatory proceedings, dispute resolution proceedings or claims, including claims for additional costs; failure of our partners, suppliers or subcontractors to perform their obligations; cyber-security breaches; failure to maintain safe worksites; risks or uncertainties associated with events outside of our control, including severe weather conditions, public health crises and pandemics (such as COVID-19), political crises or other catastrophic events; client delays or defaults in making payments; the availability of credit and restrictions imposed by credit facilities; failure to implement strategic and operational initiatives; risks or uncertainties associated with acquisitions, dispositions and investments; possible information technology interruptions or inability to protect intellectual property; the Company's failure, or the failure of our agents or partners, to comply with laws; the Company's ability to secure appropriate insurance; new or changing legal requirements, including those relating to environmental, health and safety matters; the loss of one or a few clients that account for a significant portion of the Company's revenues; asset impairments; and risks arising from the inability to successfully integrate acquired businesses. In addition to information included in this presentation, additional information about these and other risks can be found in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2019, and our other filings with the Securities and Exchange Commission ("SEC"). Such filings are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Given these risks and uncertainties, you should not place undue reliance on forward-looking statements. Primoris does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

# Primoris at a Glance

## Leading Provider of Required Infrastructure Services

Company of choice for employees, customers, and partners

Leading scale player with \$3+ billion of Revenue

Provide a comprehensive range of infrastructure services

Address our customers' recurring infrastructure needs across utility and industrial end-markets

Backlog growth driven by stable, long-term Master Service Agreements (~40% of backlog under MSAs)

Operating discipline drives attractive financial profile

Integrated service delivery model offering 12,000+ skilled employees, North American footprint, and broad service capabilities

# Differentiated Scope and Scale of Operations

## Our Segments

Utilities & Distribution	Serving entities in the gas utility market
Transmission & Distribution	Serving entities in the electric utility market
Pipeline & Underground	Serving entities in the midstream and petrochemical industries, as well as gas, water, and sewer utilities
Power, Industrial, & Engineering	Serving entities in the refining, LNG, and petrochemical industries, as well as traditional and renewable power generation
Civil	Serving entities in the petrochemical, renewable, and LNG industries, state and municipal departments of transportation, terminals, and airports

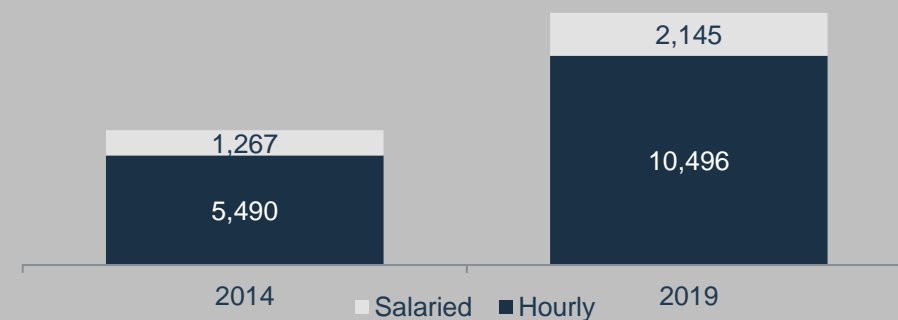
## Our North American Footprint



## Our People

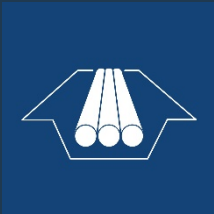
### Skilled Labor Force

Number of Employees



# Primoris Serves a Broad Range of Critical Infrastructure Markets

## UTILITIES & DISTRIBUTION



## TRANSMISSION & DISTRIBUTION



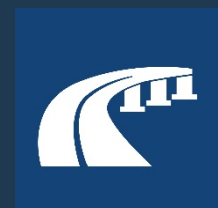
## PIPELINE & UNDERGROUND



## POWER INDUSTRIAL & ENGINEERING



## CIVIL



2019  
REVENUE

**\$887<sub>MM</sub>**

**\$497<sub>MM</sub>**

**\$505<sub>MM</sub>**

**\$729<sub>MM</sub>**

**\$488<sub>MM</sub>**

SERVICES

Installation and maintenance of new and existing natural gas utility distribution systems, and pipeline integrity services

Installation and maintenance of new and existing electric utility transmission, substation, and distribution systems

Pipeline construction and maintenance, pipeline facility and integrity services, installation of compressor and pump stations, and metering facilities

Engineering, procurement, construction, upgrades, maintenance and specialty services

Highway and bridge construction, airport runway and taxiway construction, area paving and facility roadways, demolition, site work, soil stabilization, mass excavation, and drainage projects

# Robust Execution Track Record

## Implemented select changes to pursue strategic goals:

- » Shift to MSA-driven revenue – 44% of Revenue
- » Entered attractive electric T&D market through mid-2018 acquisition
- » Scaled SG&A efficiency – 6.1% of Revenue

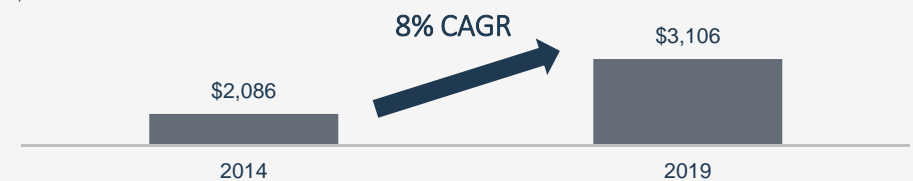
## Attractive performance driven by focus on key objectives:

- » Leverage core capability set into larger addressable market
- » Disciplined risk management strategy
- » Long-term profitable growth
- » Targeted expansion into new markets
- » Diversification through controlled expansion

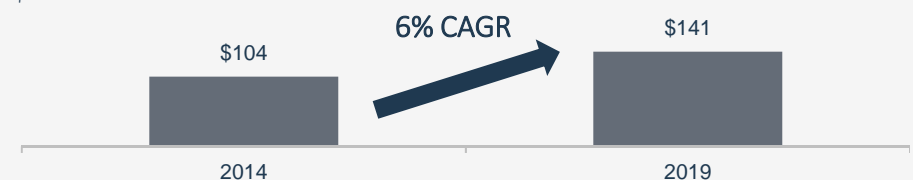
Backlog  
\$MM



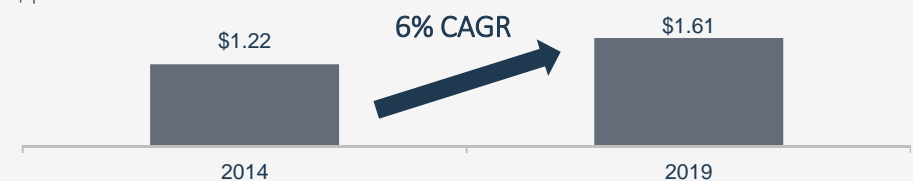
Revenue  
\$MM



Operating Income  
\$MM

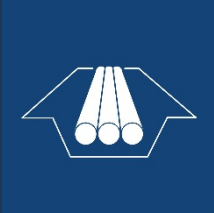


EPS  
\$ per share



# Significant, Growing Infrastructure Requirements

## UTILITIES & DISTRIBUTION



**\$75<sub>BN+</sub>**

Estimated U.S. Gas  
Utility Capex 2019-  
2021

## TRANSMISSION & DISTRIBUTION



**\$175<sub>BN+</sub>**

Estimated U.S.  
Electric Utility Capex  
2019-2021

## PIPELINE & UNDERGROUND



**\$85<sub>BN+</sub>**

Expected Project  
Kickoffs 2019-2021

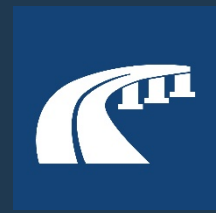
## POWER INDUSTRIAL & ENGINEERING



**\$477<sub>BN+</sub>**

Expected Project  
Kickoffs 2019-2021

## CIVIL







**\$4.6<sub>TN</sub>**

Spending need  
for aging US  
Infrastructure  
through 2025



# Evolving Customer Needs Demand Primoris' Capabilities

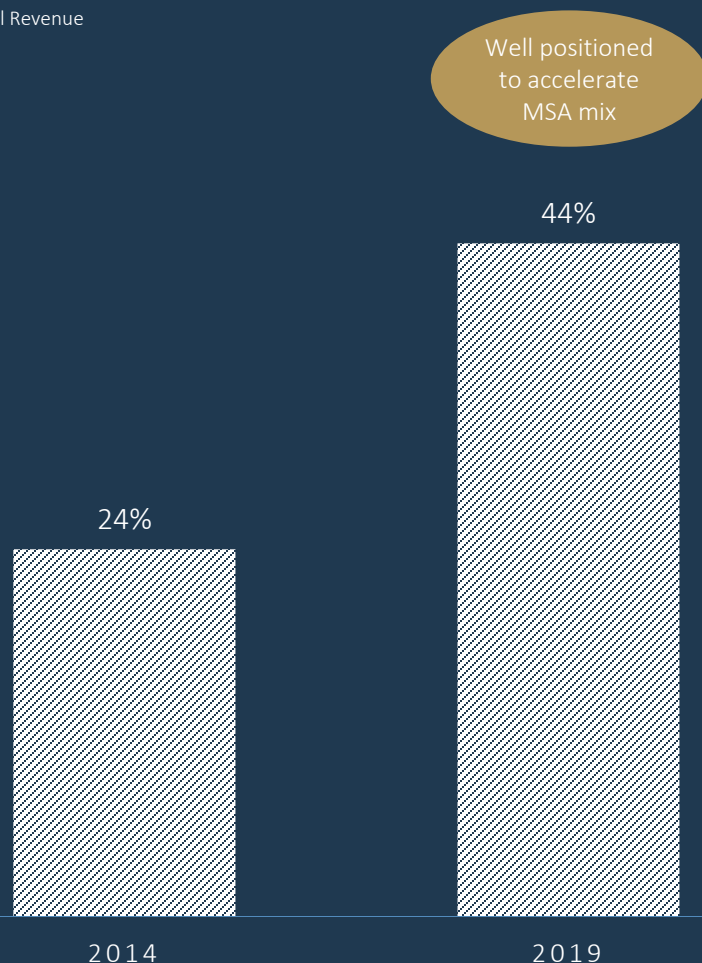
What Customers Want	Why Customers Care	Primoris Delivers
Safety	<ul style="list-style-type: none"> <li>» Safety is critical: results in enhanced employee relations, increased employee retention, and improved productivity</li> <li>» Accidents count against customer's safety record, and result in higher insurance costs and increased scrutiny</li> </ul>	 <ul style="list-style-type: none"> <li>- Leading safety record</li> <li>- Recipient of Liberty Mutual's Gold safety excellence awards</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>» Sustainability of existing infrastructure is critical to operations, financial results and stakeholders</li> <li>» Maintenance and repair essential for maximizing utilization, asset life and ROA</li> <li>» Longer down time, excess coordination results in significant opportunity costs</li> </ul>	 <ul style="list-style-type: none"> <li>- Turnkey solutions</li> <li>- Self-perform</li> <li>- Rapid mobilization</li> </ul>
Value	<ul style="list-style-type: none"> <li>» Outsourcing of strategic maintenance services seen as necessary expense</li> <li>» Addresses aging workforce and increasing labor costs trends</li> <li>» Vendor consolidation / coordination efforts driving enhanced efficiency and cost reductions</li> </ul>	 <ul style="list-style-type: none"> <li>- Single-source supplier</li> <li>- Fabrication services</li> <li>- Tenured, local management</li> </ul>
Reliability	<ul style="list-style-type: none"> <li>» Complex infrastructure that needs to be consistently operating</li> <li>» Continuous presence through cycles provides a strategic partner for capital programs</li> </ul>	 <ul style="list-style-type: none"> <li>- Long-term customers</li> <li>- Company owned fleet</li> <li>- Skilled workforce</li> </ul>



# Enhanced Visible Financial Profile

## Strategic Shift to MSA-driven Business

% of Total Revenue



## Benefits of MSA Work

### Improved Economics

- » Recurring MSA reduces sales & marketing expenses
- » Supports investments in scale / network density

### Resilient Profile

- » Increased revenue stability
- » Increased profit visibility
- » Multi-year visibility

### Deeper Relationships

- » Relationship with customers can span decades
- » Vital partner in providing safe, reliable service
- » Cross-selling opportunities

### Lower Risk

- » Unit price
- » Average work order less than \$1MM, over 3,000+ annual work orders
- » Lower earnings volatility

# Customers' Critical Assets Require Consistent Investment

Segments	Select Primoris Customers	Opex + Capex Spend (L3Y Avg.) <sup>[1]</sup>
Utilities	     	\$28 <sub>Bn</sub>
Transmission & Distribution	   	\$22 <sub>Bn</sub>
Pipeline & Underground	      	\$88 <sub>Bn</sub>
Power, Industrial, & Engineering	         	\$29 <sub>Bn</sub>
Civil	    	\$9 <sub>Bn</sub>

# Sustained Skilled Labor Advantage

Primoris has over 12,000 employees with opportunities for continued skill enhancements

## PROJECT MANAGEMENT TRAINING

Lays the foundation of skills and supports the uniformity of project execution across Primoris



## SKILLS TRAINING

Primoris supports continuous skills training, both through on-site programs and off-site training, including several locations where we train apprentices to become journeymen

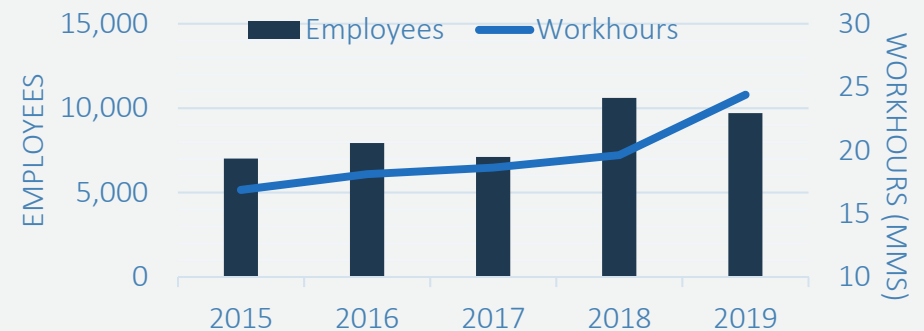


## State of the Art Training Facilities



## Employee Count & Workhours

(As of Year-End, Workhours in Millions)



# Low Project Risk Drives Predictable Business Model

- » Strategy targets markets with meaningful barriers to entry
- » Mindful of customer concentration

<\$5MM

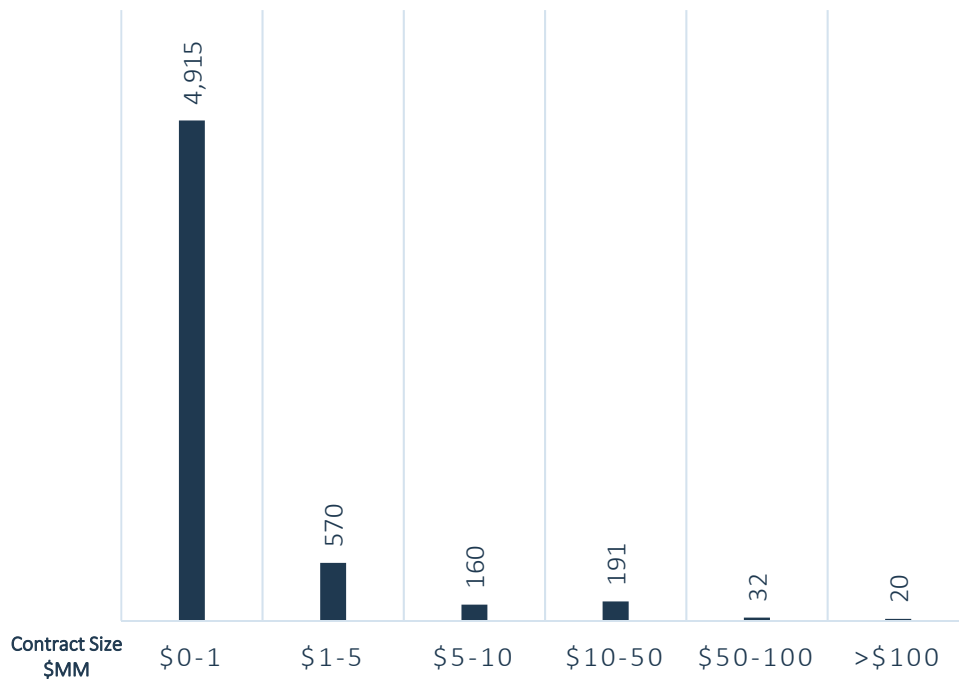
Average Project Size

25%

Fixed Price Contracts

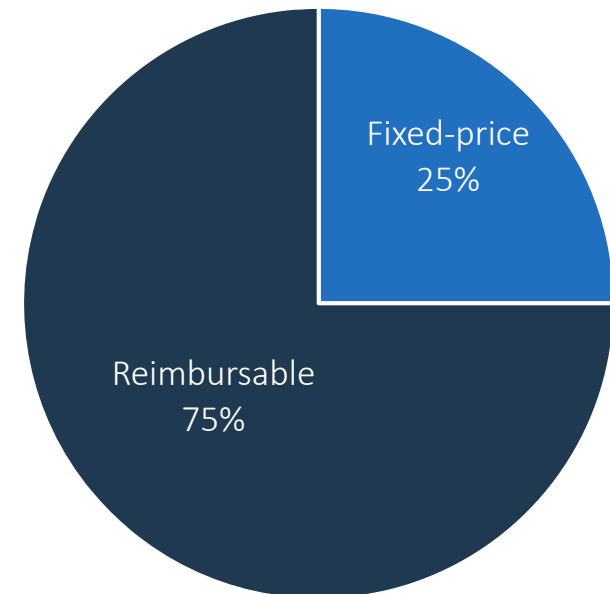
## De-Risked Portfolio (2019)

Count of Projects



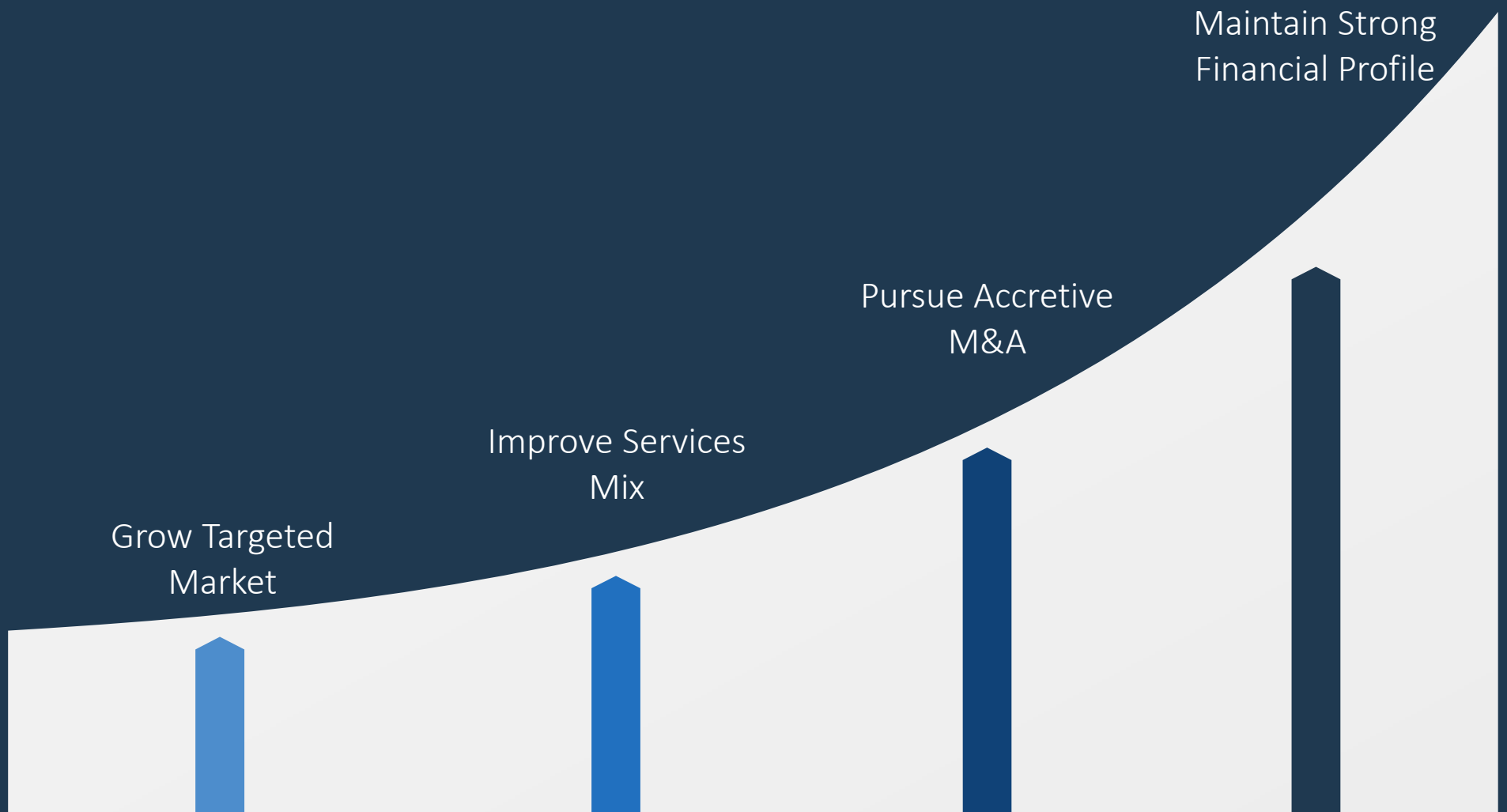
## Mix of Contract Type

% of Total Contracts (\$)





# Our Growth Strategy

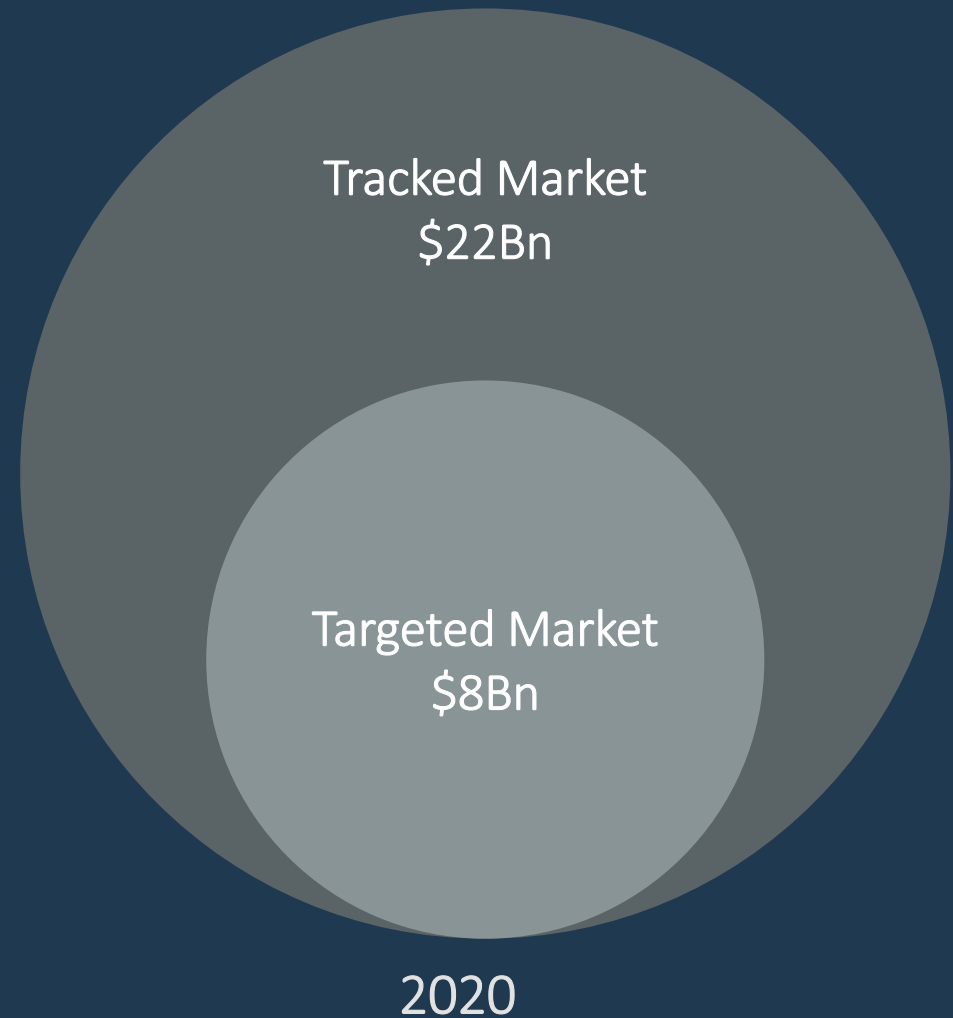


# Growing Targeted Market

- Focused on Growing Markets:
  - ✓ Solar / Renewables
  - ✓ Telecomm
  - ✓ Utilities
  - ✓ Pipeline Integrity
- Expanding Geographic Presence
- Increasing MSA Revenue

Tracked Market includes all current opportunities which Primoris is formally tracking.

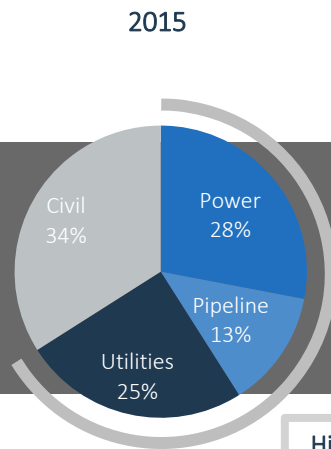
Targeted Market includes opportunities for which Primoris is already working on, or has submitted, a proposal.



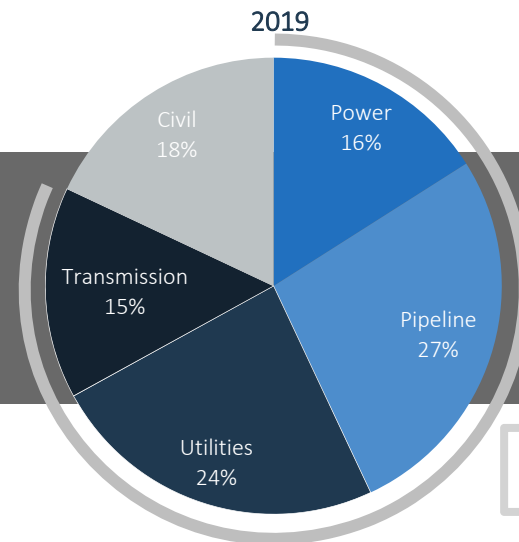
# Improved Services Mix

Shift to Higher Margin Businesses

**Backlog**  
\$MM



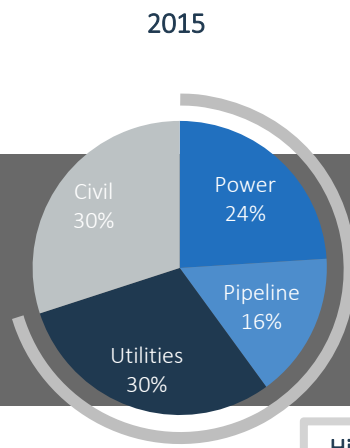
11% CAGR



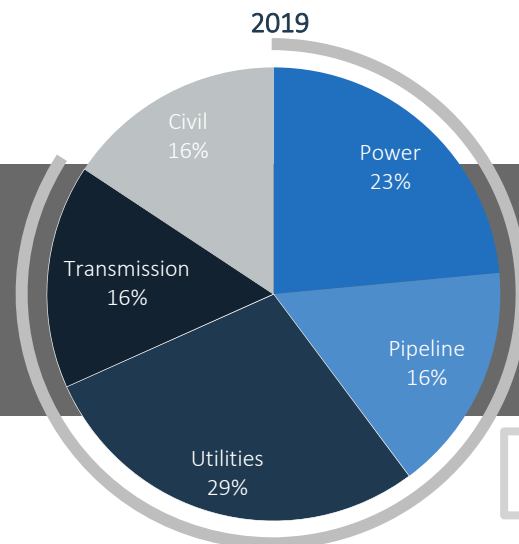
Higher Margin  
Segments

Higher Margin  
Segments

**Revenue**  
\$MM



13% CAGR



Higher Margin  
Segments

Higher Margin  
Segments

# Pursue Accretive M&A

Leverage proven integration platform to support disciplined capital expansion

- » Seek well respected, entrepreneurial leadership with extensive history of operational excellence
- » Deliver compelling strategic value to Primoris
- » Since 1983, Primoris has made over 26 acquisitions

## Acquisition Strategic Rationale

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- » Leadership position in new geography
- » Enhances presence and capabilities in an existing geography
- » Brings new customers or enhances existing customer relationships
- » Brings leadership position in adjacent or new market
- » Brings unique service or technology that Primoris can leverage to further differentiate our service offerings

## Typical Deal Terms

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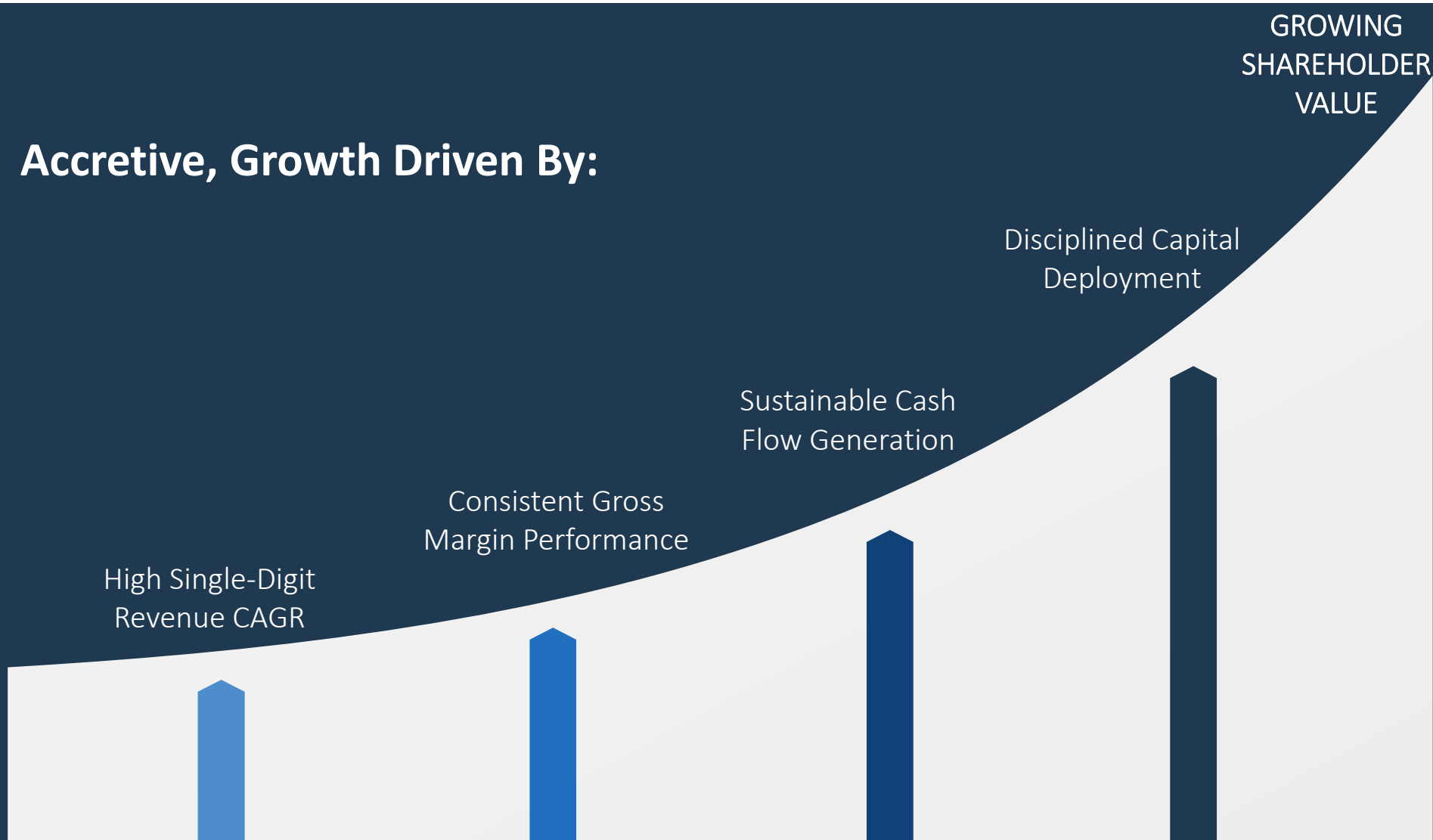
- » Disciplined valuation
- » Utilizing cash / stock mix, where appropriate, to better align interests post-close
- » Company leadership stays on to run the business
  - » Non-compete agreements
  - » Stock vests over a period of time



# Maintain Strong Financial Profile

Deliver Attractive Financial Returns to Shareholders

## Accretive, Growth Driven By:



# Proven Stability

## Our Core

Growing  
Recurring  
Revenue

Long Standing  
Customer  
Relationships  
with Blue Chip  
Customers

Safe &  
Dependable  
Employee Base

Low  
Project Risk

Top specialty  
contractor serving  
the U.S. and Canada

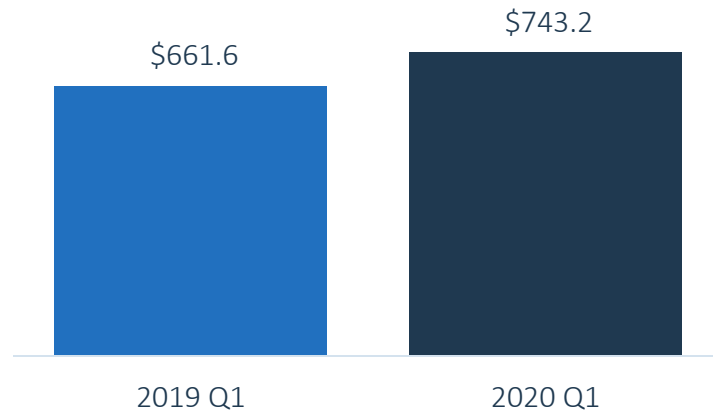
Diversified business  
model across  
multiple markets

Record backlog  
of \$3.2Bn

6+ decades  
of experience

# 2020 First Quarter Summary

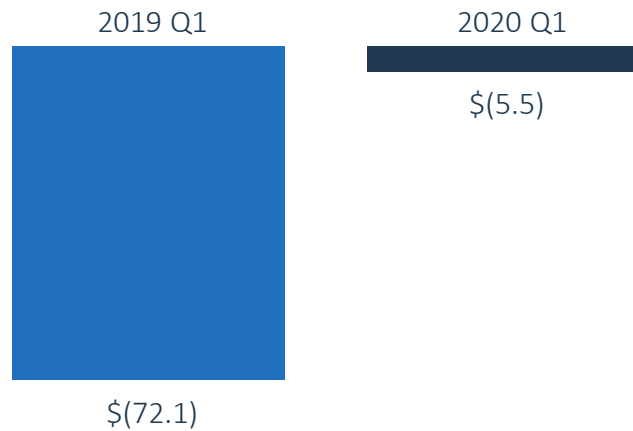
Revenue  
(in millions)



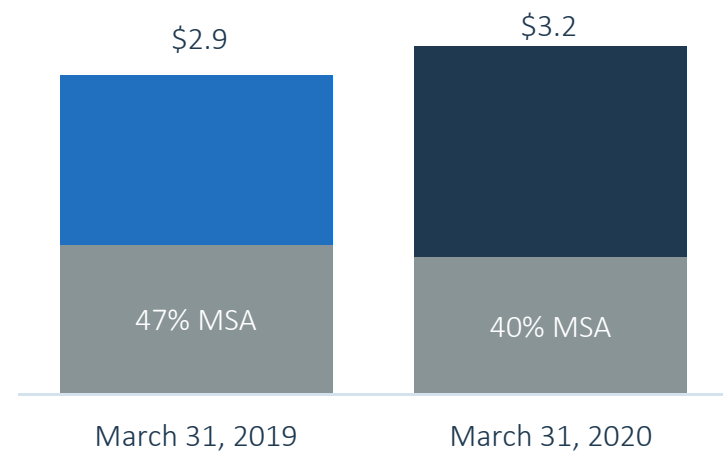
Net Income  
(in millions)



Cash Flow from Operations  
(in millions)



Total Backlog  
(in billions)



# 2020 First Quarter Key Takeaways



Primoris continues to reduce costs and conserve cash until we have a clearer vision of the situation.



Our Backlog and Balance Sheet remain strong.



We continue to bid and win new work and are safely executing current work.



The safety of our employees, customers, and communities is our primary concern.





## Appendix

# 2020 Q1 vs. 2019 Q1 Segment Results

*\$ in thousands*

2020 Q1	Utilities	Transmission	Pipeline	Power	Civil	TOTAL
Revenue	\$ 147,170	\$ 102,784	\$ 191,523	\$ 196,193	\$ 105,573	\$ 743,243
Gross Profit	\$ 4,602	\$ 1,712	\$ 16,492	\$ 18,682	\$ 6,322	\$ 47,810
<i>Gross Margin</i>	3.1%	1.7%	8.6%	9.5%	6.0%	6.4%

2019 Q1	Utilities	Transmission	Pipeline	Power	Civil	TOTAL
Revenue	\$ 146,206	\$ 118,443	\$ 134,814	\$ 145,383	\$ 116,712	\$ 661,558
Gross Profit	\$ 8,241	\$ 6,628	\$ 15,016	\$ 20,198	\$ 2,377	\$ 52,460
<i>Gross Margin</i>	5.6%	5.6%	11.1%	13.9%	2.0%	7.9%

# Utilities & Distribution

<b>REVENUE<sup>(1)</sup></b> <b>\$887MM</b>	<b>GROSS PROFIT<sup>(1)</sup></b> <b>\$113MM</b>	<b>BACKLOG<sup>(2)</sup></b> <b>\$714MM</b>
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9% - 13% Targeted Gross Margin

## 2020 Outlook

- » MSA revenue remains stable
- » Expanding into new geographies across Midwest, Southeast, and Southwest markets
- » Grid hardening opportunities



Natural Gas Distribution Systems • Water Distribution Systems  
Sewer Collection Systems

# Transmission & Distribution

<b>REVENUE<sup>(1)</sup></b> <b>\$482MM</b>	<b>GROSS PROFIT<sup>(1)</sup></b> <b>\$18MM</b>	<b>BACKLOG<sup>(2)</sup></b> <b>\$421MM</b>
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8% - 12% Targeted Gross Margin

## 2020 Outlook

- » Strong demand from both existing and new customers
- » New awards with major clients underway
- » Grid hardening opportunities
- » Focused on margin expansion in 2020



Electrical Substations • Electrical Distribution • Electrical Transmission (OH & UG)  
Cable Restoration • Smart Grids • Emergency Restoration • Telecom



# Pipeline & Underground

<b>REVENUE<sup>(1)</sup></b> <b>\$562MM</b>	<b>GROSS PROFIT<sup>(1)</sup></b> <b>\$63MM</b>	<b>BACKLOG<sup>(2)</sup></b> <b>\$1,002MM</b>
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9% - 13% Targeted Gross Margin

## 2020 Outlook

- » Large diameter pipeline market remains steady in 2020, with ACP a potential late 2020 opportunity
- » Small diameter pipeline market off to a solid start in 2020
- » Field services market experiencing some market disruptions



Oil, Gas, and Product Pipelines • Water Pipelines • Large and Small Diameter Pipelines  
Gathering and Long-Haul Systems • Compressor and Pump Stations  
Pipeline Field Services

# Power, Industrial, & Engineering

<b>REVENUE<sup>(1)</sup></b> <b>\$780MM</b>	<b>GROSS PROFIT<sup>(1)</sup></b> <b>\$75MM</b>	<b>BACKLOG<sup>(2)</sup></b> <b>\$454MM</b>
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9% - 12% Targeted Gross Margin

## 2020 Outlook

- » Strong utility-scale renewable power market
- » Increasing demand for battery storage capacity
- » Natural gas processing & export facilities opportunities will be back-end loaded



Traditional Gas-fired Power Plants • Non-traditional (Solar) Power Projects • Refineries and Terminal Stations • Compressor Stations • Petrochemical and Processing Facilities

# Civil

REVENUE <sup>(1)</sup> <b>\$477MM</b>	GROSS PROFIT <sup>(1)</sup> <b>\$58MM</b>	BACKLOG <sup>(2)</sup> <b>\$613MM</b>
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4% - 8% Targeted Gross Margin

## 2020 Outlook

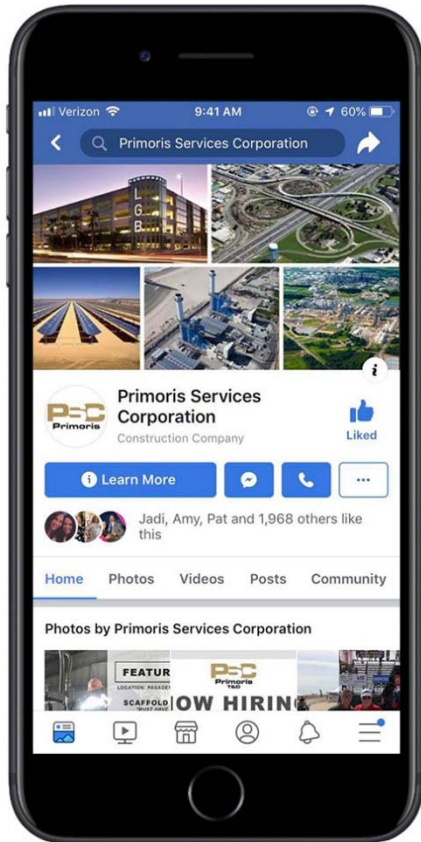
- » Louisiana heavy civil design build market strong
- » Texas heavy civil market ramping up
- » Demand for I&M services increasing for LNG and petchem opportunities



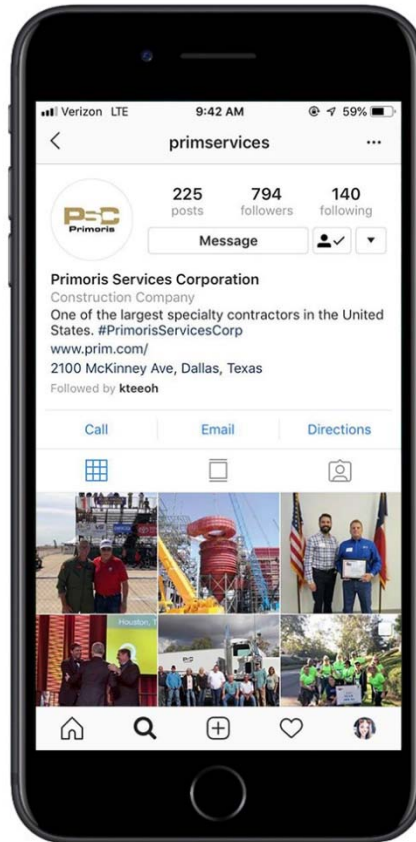
Highways • Bridges • Airports • Ports • Mining Facilities  
Sitework • Soil Stabilization



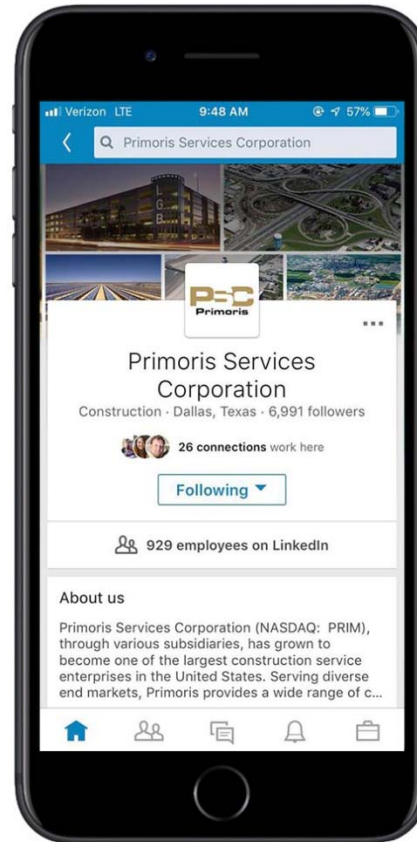
# Connect with Primoris on Social Media



Primoris Services Corporation



@primservices



Primoris Services Corporation



@primservices