

February 2023 Stock Study



Primoris Services Corporation

Presented by:
Joan Loken
Director, Rocky Mountain Chapter



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Myclub.com RMC Model Club Portfolio

Sectors not represented

Cyclical Super Sector

Basic Materials

Real Estate

Defensive Super Sector

Utilities

Sensitive Super Sector

Communication Services

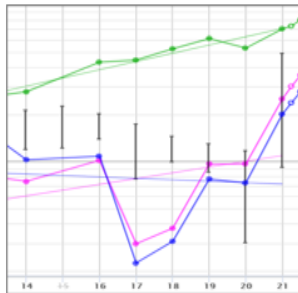
Energy

Industrials

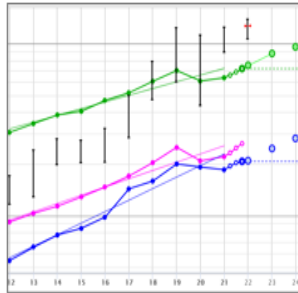
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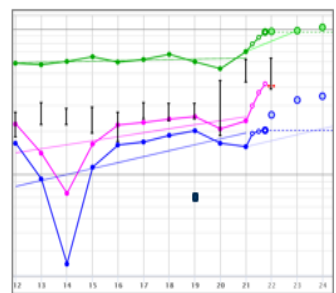
First Round Final Selections



Tecnoglass (TGLS)
Building Materials



Heico (HEI)
Aerospace & Defense



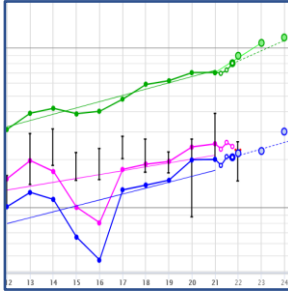
Regal Rexnord (RRX)
Specialty Industrial

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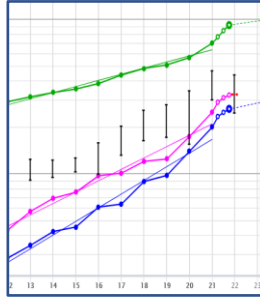
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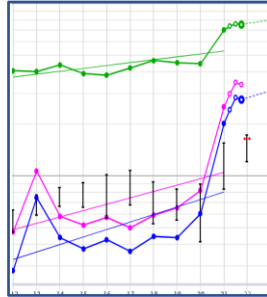
Final Selections



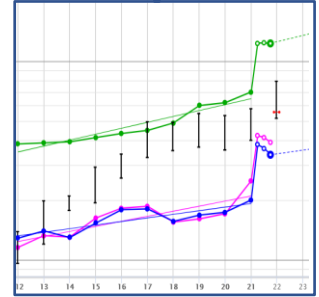
Primoris (PRIM)
Engineering & Construction



Simpson Manufacturing (SSD)
Lumber & Wood Products



Mueller Industries (MLI)
Metal Fabrications



Elbit Systems (ESLT)
Aerospace & Defense

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Comparison: RRX SSD PRIM MLI ESL		Simpson Manufacturin SSD 11/19/22 Medium Lumber & Wood Prod... Count: 5	Primoris Services PRIM 1/13/23 Medium Engineering & Constr... Count: 2	Mueller Industries MLI 1/12/23 Medium Metal Fabrication Count: 2	Elbit Systems ESLT 1/12/23 Medium Aerospace & Defense Count: 2
▶ Growth Comparisons					
	Hist. Sales Growth Rate - 10 YR (%)	9.6%	9.5%	4.0%	7.1%
	Hist. Sales Growth Rate - 5 YR (%)	11.8%	9.9%	10.2%	11.9%
	Estimated Sales Growth Rate (%)	5.0%	16.0%	5.0%	7.5%
	Hist. Earnings/Share Growth Rate - 10 YR (%)	22.6%	8.9%	10.6%	4.3%
	Hist. Earnings/Share Growth Rate - 5 YR (%)	31.6%	13.2%	45.2%	3.2%
	Estimated Earnings Per Share Growth Rate (%)	7.5%	10.0%	10.0%	4.4%
	Earnings Stability (R-squared) - 10 YR	.97	.32	.31	.72
	Earnings Stability (R-squared) - 5 YR	.97	.90	.73	.29
▶ Management Comparisons					
	% Pretax Profit on Sales (Last 5 Year Average)	17.8%	4.1%	8.8%	6.6%
	% Earned on Equity (Last 5 Year Average)	16.2%	13.1%	22.8%	11.5%
	% Debt to Capital (Last 5 Year Average)	2.5%	41.2%	33.4%	31.9%
▶ Valuation Comparisons					
	Present Price	99.55	24.83	67.25	172.01
	Present Price / Estimated Total EPS	2.0	1.7	0.9	2.9

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PSC
Primoris

Primoris Services Corporation

Building Momentum

3Q 2022 Earnings
November 8, 2022

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Primoris

3Q 2022 Highlights





- Revenue growth year-over-year of 41 percent to a record \$1.3 billion, including 22 percent organic growth
- Record backlog of \$5.5 billion, up 37 percent year-to-date and 100 percent year-over-year
- Renewables revenue, primarily solar, up 99 percent year-over-year with gross margins up 120 basis points
- Communications revenue and gross margins up ~50% year-over-year driven by new customers and service areas
- Deployed ~700 employees to assist in storm recovery efforts in areas impacted by Hurricane Ian

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Multiple independent positive trends fueling infrastructure spend in both the near and long-term


	Market Opportunity	Growth Drivers
 Electric T&D	\$70 Bn	<ul style="list-style-type: none"> » Grid upgrade and maintenance requirements » System hardening » Weather hardening and preparedness
 Regulated Natural Gas	\$28 Bn	<ul style="list-style-type: none"> » Large, government-mandated replacement cycle » 50% of pipeline infrastructure installed before 1980
 Telecommunications	\$140 Bn⁽¹⁾	<ul style="list-style-type: none"> » 5G, spectrum and fiber rollouts » 50%+ of mobile subscriptions using 5G by 2029
 Renewables	\$225 Bn⁽²⁾	<ul style="list-style-type: none"> » Renewables a federal and state priority » Continued cost declines making renewables economic without tax credits » ~47% of U.S. generation mix to come from renewables by 2050

* Source: HIS EIA, S&P, Deloitte, Americas Water Infrastructure, Fitch Solutions
 (1) Estimated fiber investment required in the US over the next 5 to 7 years.
 (2) Estimated renewable asset investment in 2020.

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PLH Group At-a-Glance



Key Stats and Highlights	Key Business Offerings						
<p>\$733 mm LTM revenue</p> <p>\$54 mm LTM adjusted EBITDA</p> <p>~61% Revenue from MSA contracts¹</p> <p>~7.5% LTM adjusted EBITDA Margin</p> <p>~\$170k Average Job Size¹</p> <p>~72% LTM Free cash flow conversion²</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #0056b3; color: white; text-align: center; padding: 5px;">Utilities</td> <td style="padding: 5px;"> <p>Power Delivery</p> <p>~61% 2021A Revenue</p> <ul style="list-style-type: none"> • First-to-last mile electric transmission and distribution services providing installation, maintenance and other specialized services • PLH has full range of capabilities supporting Transmission, Distribution, Substation and Emergency Restoration needs </td> </tr> <tr> <td style="background-color: #0056b3; color: white; text-align: center; padding: 5px;">Gas Utilities</td> <td style="padding: 5px;"> <p>~20% 2021A Revenue</p> <ul style="list-style-type: none"> • Gas Utility Services provides integrity, maintenance, upgrades and replacement services for investor-owned utilities and other customers </td> </tr> <tr> <td style="background-color: #444; color: white; text-align: center; padding: 5px;">Other</td> <td style="padding: 5px;"> <p>~19% 2021A Revenue</p> <ul style="list-style-type: none"> • Industrial and midstream services </td> </tr> </table>	Utilities	<p>Power Delivery</p> <p>~61% 2021A Revenue</p> <ul style="list-style-type: none"> • First-to-last mile electric transmission and distribution services providing installation, maintenance and other specialized services • PLH has full range of capabilities supporting Transmission, Distribution, Substation and Emergency Restoration needs 	Gas Utilities	<p>~20% 2021A Revenue</p> <ul style="list-style-type: none"> • Gas Utility Services provides integrity, maintenance, upgrades and replacement services for investor-owned utilities and other customers 	Other	<p>~19% 2021A Revenue</p> <ul style="list-style-type: none"> • Industrial and midstream services
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Advancing Our Strategy

PLH Group is aligned with Primoris' long-term goals and accelerates our growth plans



Deepen Power Delivery market presence

Broaden geographic reach, expand service offerings

Grow MSA-driven revenue

Grow craft labor base

Focus on long-term profitable growth

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Transforms Electric & Gas Utility service offerings

Presence in highly attractive Sunbelt and California regions

Expands recurring, small ticket, MSA revenue base


Highly skilled labor force with ability to rapidly scale


Higher-growth and higher-margin portfolio

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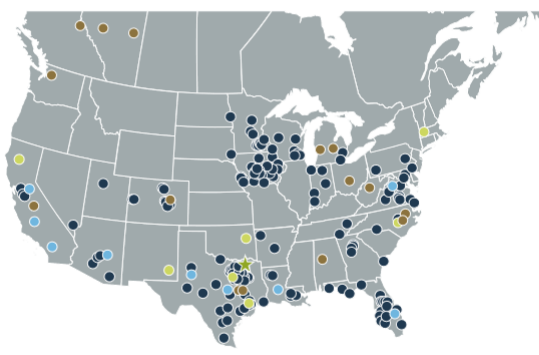

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Pro Forma Utility Presence Offers Attractive, National Footprint in the Fastest Growing Markets

Pro Forma Utility Locations

- Primoris Utility Locations
- ★ PLH Corporate Headquarters
- PLH Electric Locations
- PLH Utility Gas Services Locations
- PLH Equipment Yards

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3 Diversified & Well-Tenured Blue Chip Client Base

Segments	Select Primoris Customers	Average Tenure ⁽¹⁾	
 Utilities		<p>25 Years</p>	<div style="border: 1px solid black; padding: 10px;"> <p>2021 Revenue Breakdown by Customer</p> <p>26% of Revenue from Top 5 Customers</p> <p>43% of Revenue from Top 10 Customers</p> </div>
 Energy / Renewables		<p>21 Years</p>	
 Pipeline		<p>29 Years</p>	

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6 Multiple Strategies to Drive Disciplined Long-Term Growth

Grow Targeted Markets + Improve Services Mix + Continue Cross-Selling + Pursue Accretive M&A = **Maintain Strong Financial Profile**

Markets of focus for Primoris:
Solar / Renewables, Communications, Utilities, & Pipeline Integrity

Focused shift towards higher margin business lines and segments

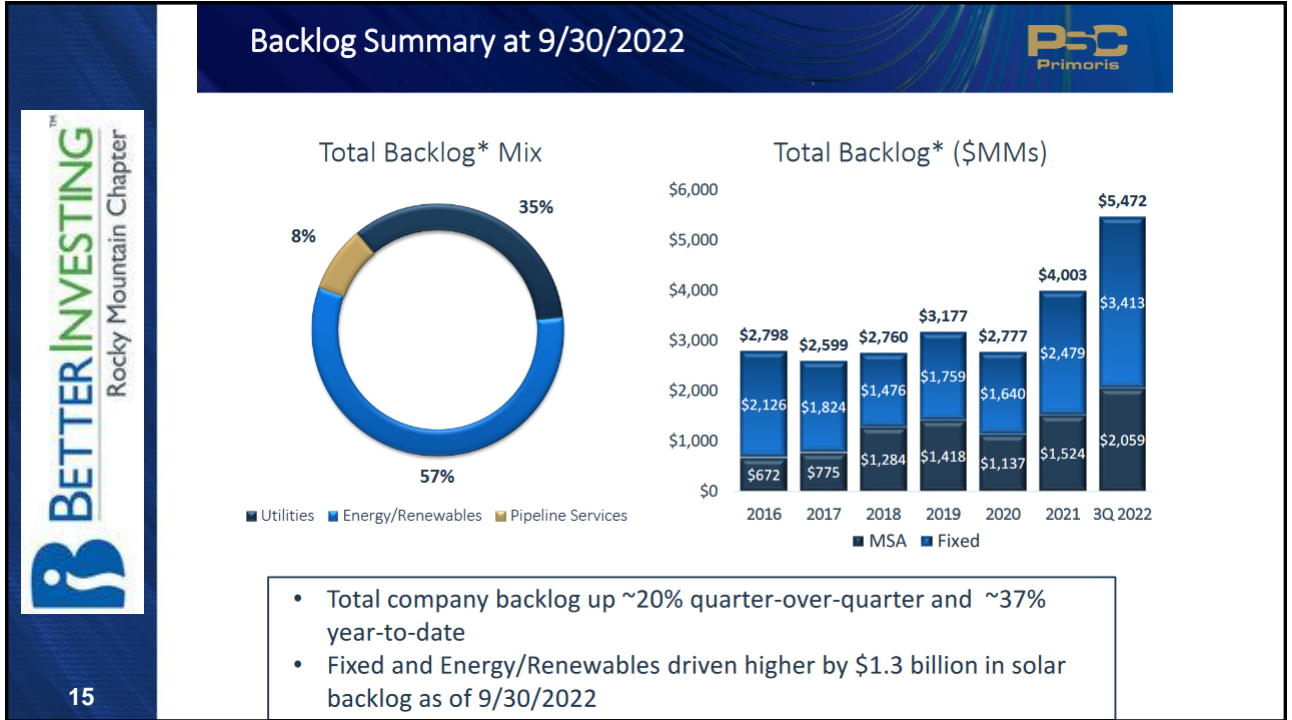
Utilize diverse suite of services to assist customers with multi-faceted projects across segments

Seek well-respected, entrepreneurial businesses with extensive history of operational excellence

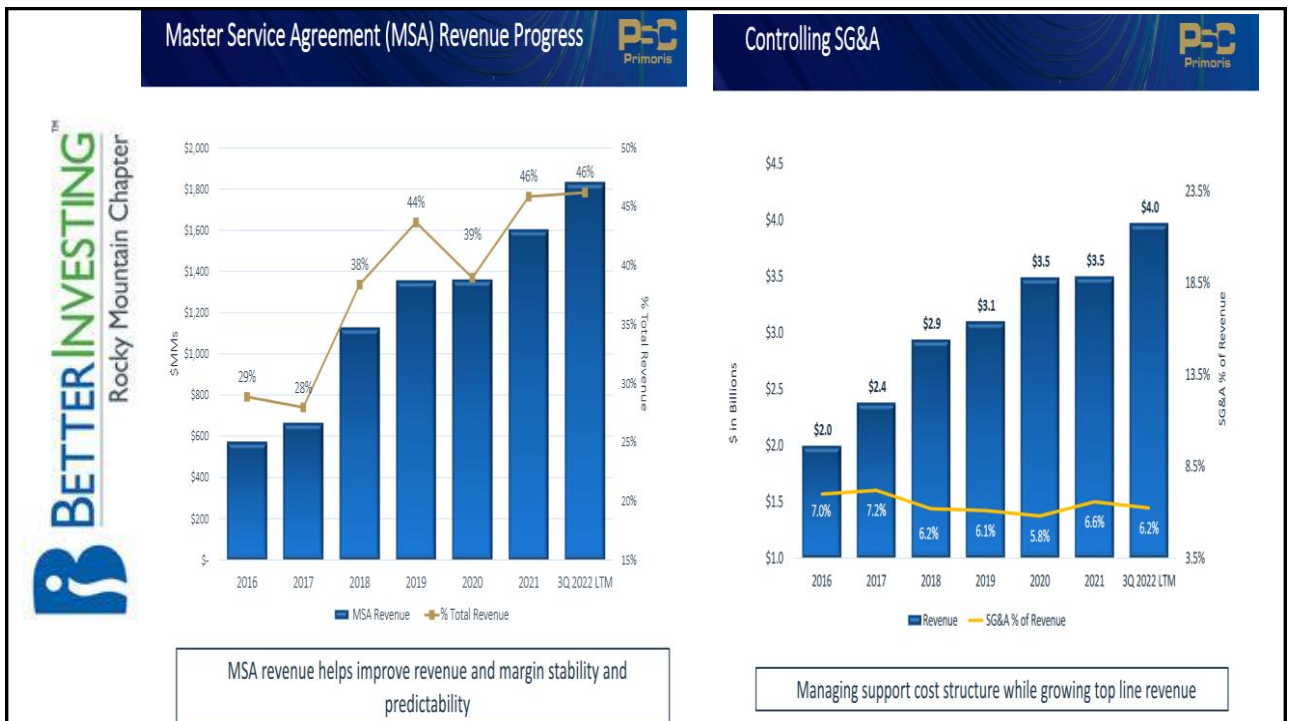
Maintain Strong Financial Profile

- Accretive Growth Driven By:
- 5-Year Revenue CAGR of 12%
- Solid Gross Margin Performance
- Sustainable Cash Flow Generation
- Disciplined Capital Deployment
- Strong Balance Sheet

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2022 Guidance
As of November 8, 2022



- » Full Year 2022 Earnings Per Share (“EPS”):
 - » \$2.31 to \$2.51 per diluted share
- » Maintained Full Year 2022 Adjusted EPS:
 - » \$2.39 to \$2.59 per diluted share
- » 2022 SG&A as a percentage of revenue:
 - » Low 6 percent range
- » Effective Tax rate: 19.0 to 20.0 percent

- » Capital Expenditures Q4 of 2022:
 - » \$20M to \$30M;
 - » Includes \$15M to \$25M for construction equipment
- » Targeted Gross Margins by segment Q4 2022:
 - » Utilities: 9% - 11%
 - » Energy/Renewables: 10% - 12%
 - » Pipeline Services: low to mid-single digits

The guidance provided above constitutes forward-looking statements, which are based on current economic conditions and estimates, and the Company does not include other potential impacts, such as changes in accounting or unusual items. Supplemental information relating to the Company’s financial outlook is posted in the Investor Relations section of the Company’s website at www.primoriscorp.com.

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Sawgrass Reuse Water Treatment Plant, Phase 1



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From Dairy Farm to Diesel Fuel



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Greener Fuels




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Utility Scale Solar Projects




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Restoring Power



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SWOT – Strengths (Internal to Company)

- Growth opportunities across all segments
- Recent acquisitions broad geographic range
- Increasing Revenues, gross margins, backlogs
- Decreasing SG&A
- Number 6 in top ten of 600 Specialty Contractors

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SWOT – Weakness (Internal to Company)

- Actual cost may be greater than expected
- Backlog may affect revenue or profits
- Business is labor intensive
- Financial results may vary Q-to-Q and Y-to-Y
- Weather can affect revenue and profitability
- Competitive Bidding

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SWOT – Opportunities (External to Company)

- 2021 Infrastructure Bill
- Modernization of industry
- Inspection, Maintenance and Replacement
- Alternative Energy

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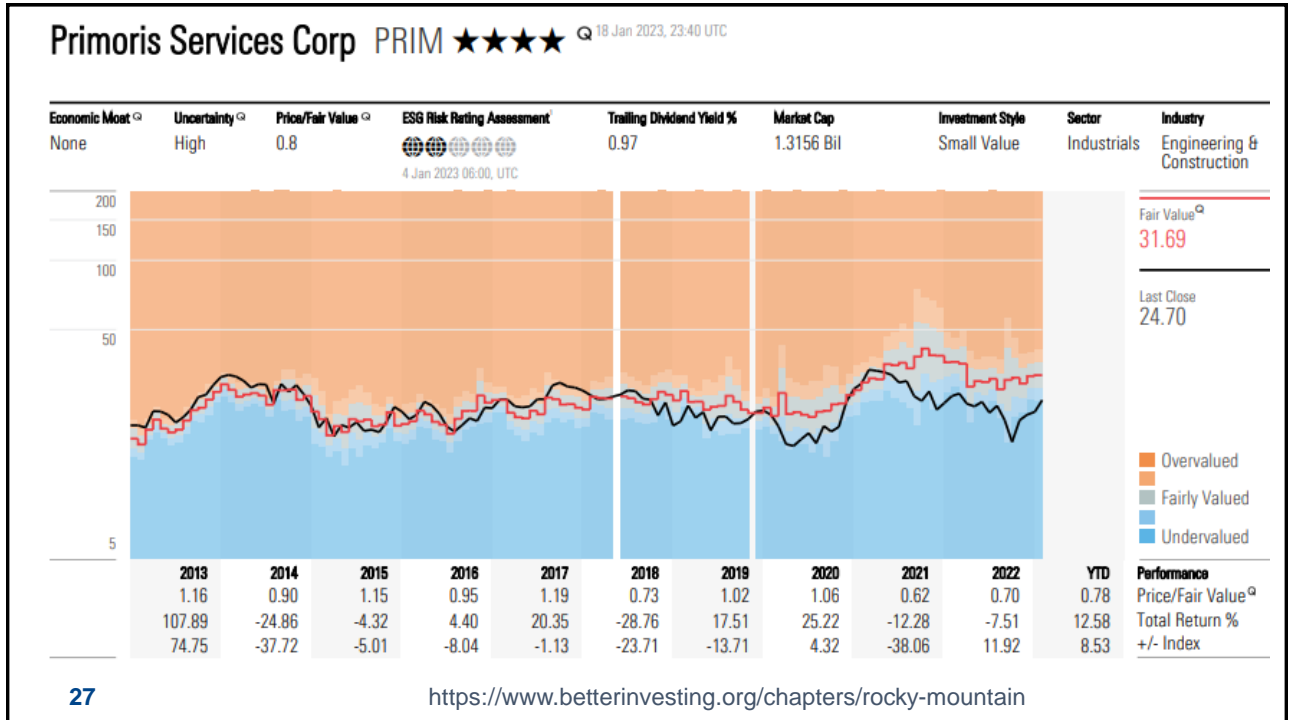
SWOT – Threats (External to Company)

- Economic Cycles
- Industry Trends and Government Regulations
- Climate Change and Natural Disasters

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Sales Growth Estimate

- 23.7% 2 yr. Analyst Estimate
- 15.0% 5 yr. Projecting thru Analyst Estimate
- 12.0% More Conservative Estimate
- 10.0% 5 & 10 Year Historical

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EPS Growth Rate Estimates


- Preferred Procedure EPS rate based on your Sales Estimate
 - 24.5% EPS for Sales Growth of 23.7%
 - 15.7% EPS for Sales Growth of 15.0%
 - 12.7% EPS for Sales Growth of 12.0%
 - 10.7% EPS for Sales Growth of 10.0%

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Estimated High P/E

- 17.7 No Outliers removed
- 16.7 1 Outliers removed
- 15.9 2 Outliers removed

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Estimated Low P/E

- 10.6 No Outliers removed
- 9.3 1 Outliers removed
- 8.4 2 Outliers removed

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Estimated Low Price

- \$21.50 2021 Low Price
- \$17.70 Average 52 Week Low
- \$15.90 52 Week Low Price
- \$14.00 Below the 52 Week Low

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