



# INVESTOR PRESENTATION

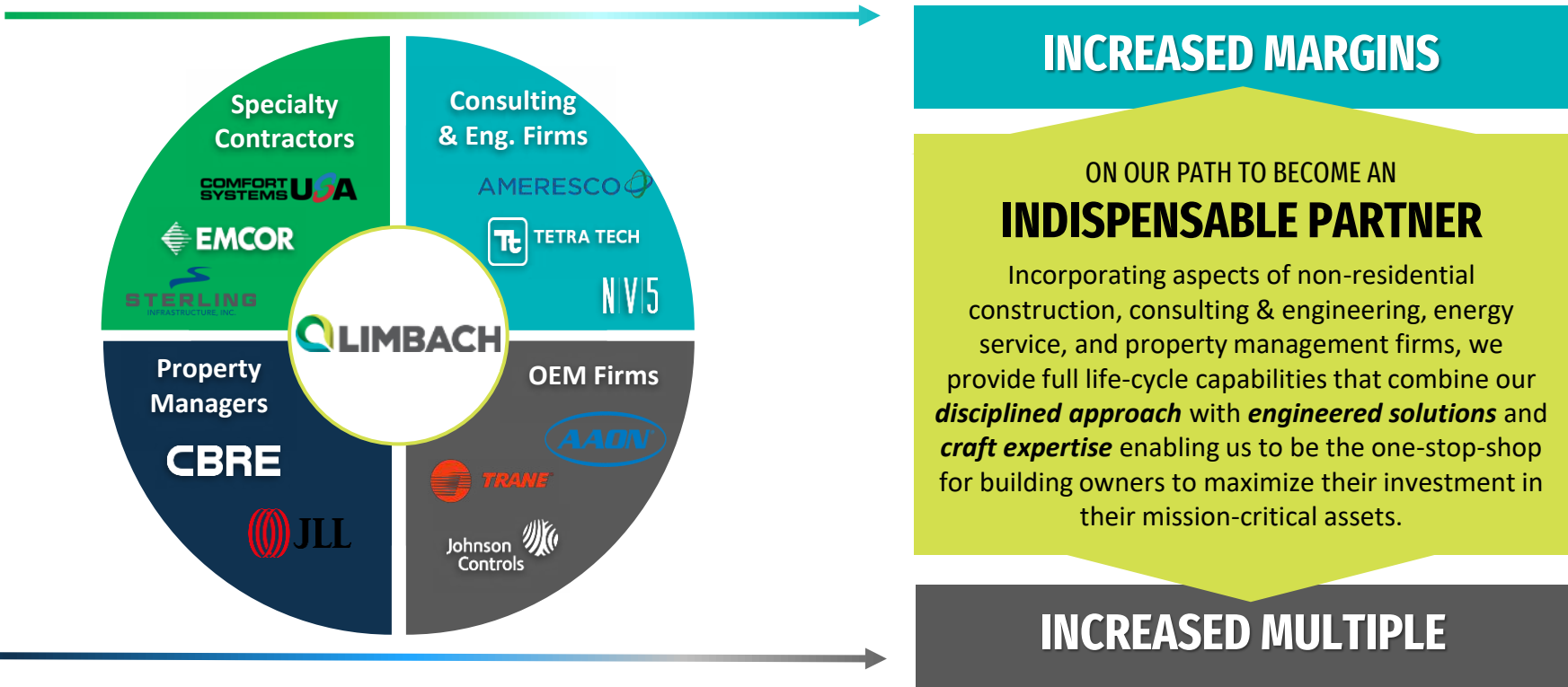
May 2023

# 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](http://www.sec.gov)), for a full discussion of the risks and other factors that may impact any forward-looking statements in this presentation.

# Limbach Combines Best in Class Attributes of Key Verticals

As we evolve Limbach to include an increasing contribution from high-value activities centered on providing solutions, we expect to **drive margin improvement** with **valuation multiples** following suit.



# Investment Highlights



## Strong Sector Tailwinds

**Building owners are increasingly focused on ROIC**, including maintenance and retrofit of existing facilities, driving demand for facilities service capabilities.



## Evolving, Differentiated Business Model

We provide full life-cycle capabilities that combine our **disciplined approach** with **engineered solutions** and **craft expertise** enabling us to be the one-stop-shop for building owners to maximize their investment in their mission-critical assets.



## Owner Direct Revenue Driving Margins Higher

Growing base of recurring revenue through **contracted building maintenance services** driving our **expanding, higher margin Owner-Direct (“ODR”) segment**.



## Positioned for Customer Spending Flex

Integrated solution suite well-positioned to **benefit as building owners flex spending between Capital and Operating Budgets**. Ability to service customer needs stemming from both spending buckets provides macroeconomic resilience.



## Internal & External Growth Supported by Strong Balance Sheet

Cash and cash equivalents of \$41.4 million<sup>1</sup>, **zero net debt**<sup>1</sup>; TTM adjusted EBITDA of \$37.0 million<sup>2</sup> as of 3/31/23. Expanded credit revolver of up to \$50.0 million put in place subsequent to quarter end.

1. See Balance Sheet on slide 17.

2. See slide 18 for calculation of TTM Adjusted EBITDA.

# Creating Value in Strong Primary End Markets

## MISSION-CRITICAL MARKETS WE SERVE



Healthcare



Data Centers



Industrial & Light  
Manufacturing



Cultural  
& Entmt.



Higher  
Education



Life  
Sciences

## END MARKET ATTRIBUTES

- ✓ **Favorable demographic support**  
Ex. – Aging population driving healthcare spending
- ✓ **Supportive secular trends**  
Ex. – Supply chain issues have ignited interest in onshoring
- ✓ **Facilities are ‘mission-critical’**  
Ex. – Building owners are acutely focused on maximizing uptime and providing the best environment for their building occupants

### DURABLE DEMAND

Customers with strong competitive positioning in markets expected to experience long-term investment in assets

### DATA

Facility data and service history allows us to find efficiencies throughout the entire building lifecycle

### TRUSTED PARTNER

Creating value by providing the widest range of services for customers

How Will We Scale  
the Business?





# Our Differentiated Business Model



Manage new construction or renovation projects that involve primarily HVAC, plumbing, or electrical services awarded to Limbach by GCs or construction managers

- Focus on maintaining operations in markets with demonstrated track records of successful execution.
- Emphasizing opportunities where a building owner directs the GC to hire Limbach.
- **GCR projects are characterized as ‘having a solution in place’ and thus earn a lower margin than ODR, where Limbach helps tailor a solution to the customer’s needs**
- Target gross margin range: **12 – 15%**.



Maintenance or service primarily on HVAC, plumbing, electrical systems, or building controls and specialty contracting projects direct to, or assigned by, building owners or property managers.

- Includes recurring revenue from service and maintenance contracts.
- Reduce risk by moving higher up cash flow hierarchy and lowering collection cycles from change order processing.
- **Additional margin, relative to GCR, is a function of working directly for the building owner, which allows us to develop and propose customized solutions.**
- Target gross margin range: **25 – 28%**.

**Overarching Goal: Maximized Returns**

# Driving Recurring Revenue & Margin Expansion

## TRADITIONAL CONTRACTORS (Legacy Peers)

- Primarily single-instance construction projects
- Longer duration projects
- Typical EV/EBITDA multiples: high single-digits to low double-digits

## OWNER-DIRECT BUILDING SYSTEMS SOLUTIONS APPROACH

- Recurring subscription agreement revenue from building owners
- Data – driven solution selling
- Quick Hitting Projects Solving Problems Proactively
- Typical EV/EBITDA multiples: low double-digits to high teens

Limbach 1.0

20% ODR

FY 2017

Gross Margin

13.5%

Limbach 2.0

50% ODR

FY 2022

Gross Margin

18.9%

Limbach 3.0

50-70% ODR<sup>1</sup>

FY 2025

Gross Margin

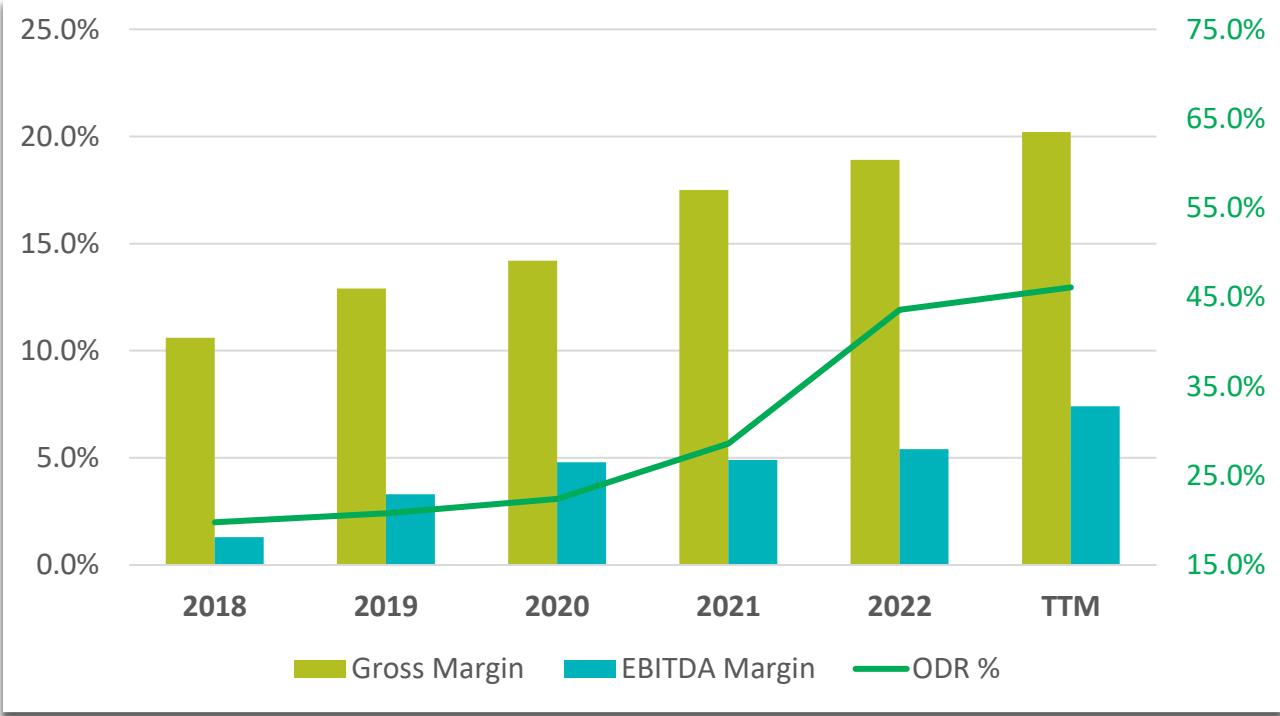
~22%<sup>1</sup>

1. Calculated using FY 2022 actual revenue and segment gross margin figures recast based on revenue split of 70% ODR / 30% GCR.

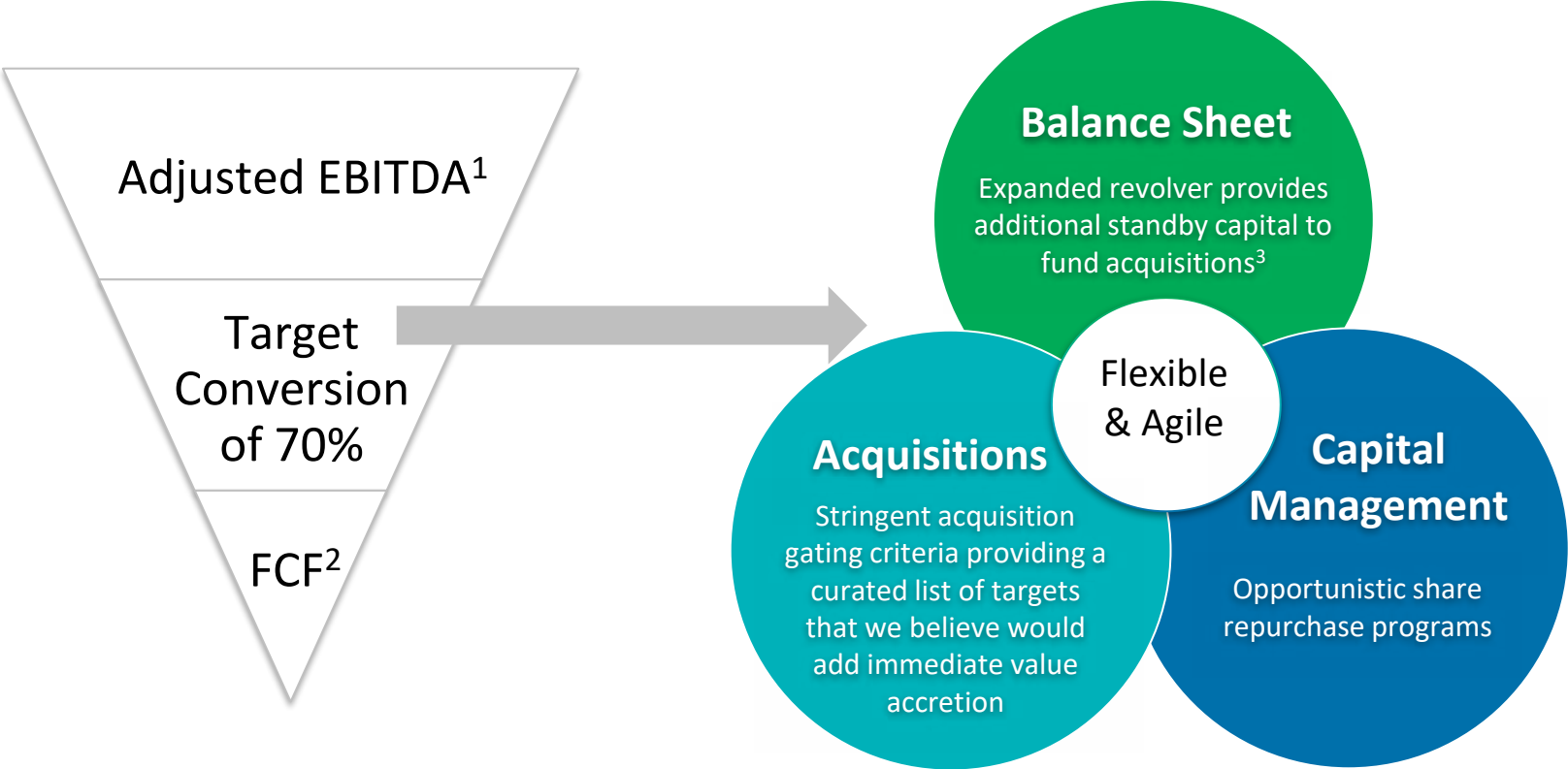


# Bottom Line Evolution Driven by Segment Mix Shift

Over the period from FY 2018 – FY 2022, Gross Margin has **expanded over 58%** to **18.9%**. This has enabled us to drive EBITDA margin up more than **5x** from **1.3% to 7.4%** over the same period.

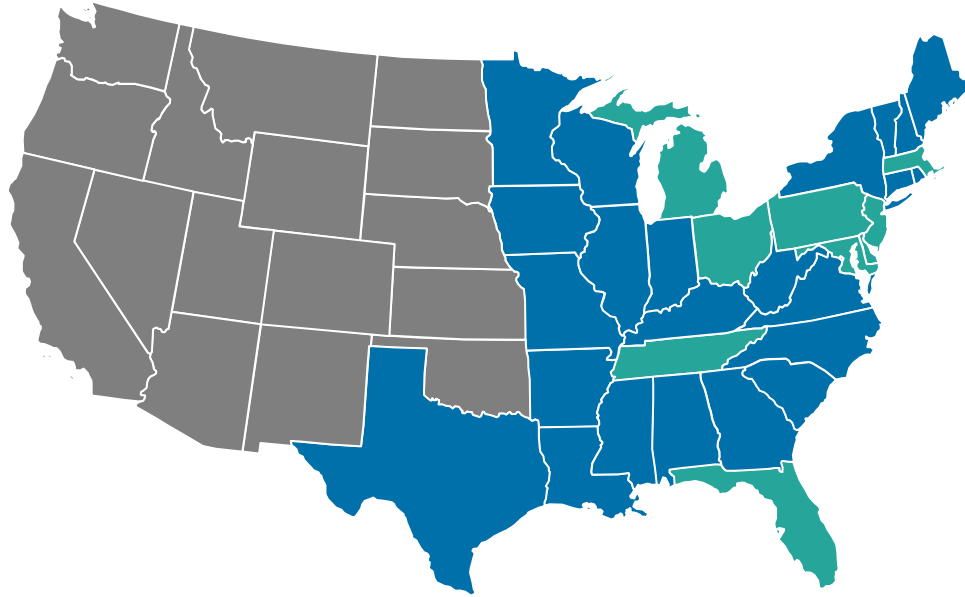


# Thoughtful Capital Allocation



1. See slide 18 for calculation of Adjusted EBITDA.  
2. Free Cash Flow is defined as net income, add back non-cash operating activities and then subtract capital expenditures.  
3. Subsequent to quarter end, Limbach entered into an amended credit facility with Wintrust as described in the Form 8-K filed May 8, 2023.

## CURRENT & TARGET GEOGRAPHIES



- States with branch locations and potential tuck-in opportunity
- Potential target new geographies for acquisition

## Acquisitions Tuck-In

\$10-15M w/80%+ ODR Revenue

+15% YoY ODR Growth

## Focus on GP Quality & Account Resources

## New Geography Acquisitions

\$25M-40M w/ODR & GCR Mix

Year 3 = 50/50 Mix

# Expanding Our Position: Disciplined Approach To Improve Margins

## ACQUISITION CRITERIA:

- Geographic proximity
- Supports ODR strategy
- Attractive business model
- Capability expansion
- Technology-focused

## POST-ACQUISITION APPROACH TO IMPROVE QUALITY

### **Data-Driven Decision Making**

- Risk management tools and data
- Enable timely decisions and predicting of outcomes early in the project

### **Limbach Operating System**

- Set vision, strategy, and structure to be consistent with Company goals
- Processes to resolve integration issues & remove barriers

### **Solutions Selling to Building Owners**

- Provide solutions and execution plans to become a “Partner” vs. “Contractor”
- Sales focus on the building owner regardless of who contract is with

### **Niche-Based Customer Mindset**

- Help develop 80/20 mindset – focus their expertise on the right customers
- Help develop pull through work by focusing on customer pains

FY 2023 Guidance<sup>3</sup>

Metric:	Low		High
Revenue	\$490 million	–	\$520 million
Adjusted EBITDA <sup>2</sup>	\$33 million	–	\$37 million

Upcoming IR Conference Calendar

Event	Dates	Location
EF Hutton Conference	May 11	New York, NY
Lytham Partners Spring Conference	May 18	Virtual
Sidoti Small Cap Conference	June 14	Virtual

1. Provided as of the date of these slides.

2. With respect to projected 2023 Adjusted EBITDA, a quantitative reconciliation is not available without unreasonable effort due to the high variability, complexity and low visibility with respect to taxes and other items, which are excluded from Adjusted EBITDA. The company expects the variability of this item to have a potentially unpredictable, and potentially significant, impact on future GAAP financial results.

3. See additional modeling considerations for FY 2023 on slide 19.

# Investment Summary



## Strong Sector Tailwinds

We serve a variety of mission-critical end markets, many of which are expected to continue experiencing solid, growing demand for construction, service and maintenance of physical assets over the next several years



## Evolving, Differentiated Business Model

Continued focus on expansion of our unique position as an indispensable engineering and building systems solutions partner for our customers



## Owner Direct Revenue Driving Margins Higher

Higher-margin segment has increased from ~21% of revenue in 2019 to ~44% in 2022; expect that shift to continue to a 50 / 50 split in 2023, driving further margin expansion



## Positioned for Customer Spending Flex

Integrated solution suite well-positioned to benefit as building owners flex spending between Capital and Operating Budgets. Ability to service customer needs stemming from both spending buckets provides macroeconomic resilience.



## Internal & External Growth Supported by Strong Balance Sheet

Aggressively reduced debt while driving more predictable, stable operating cash flows, resulting in a strong balance sheet; provides significant strategic flexibility

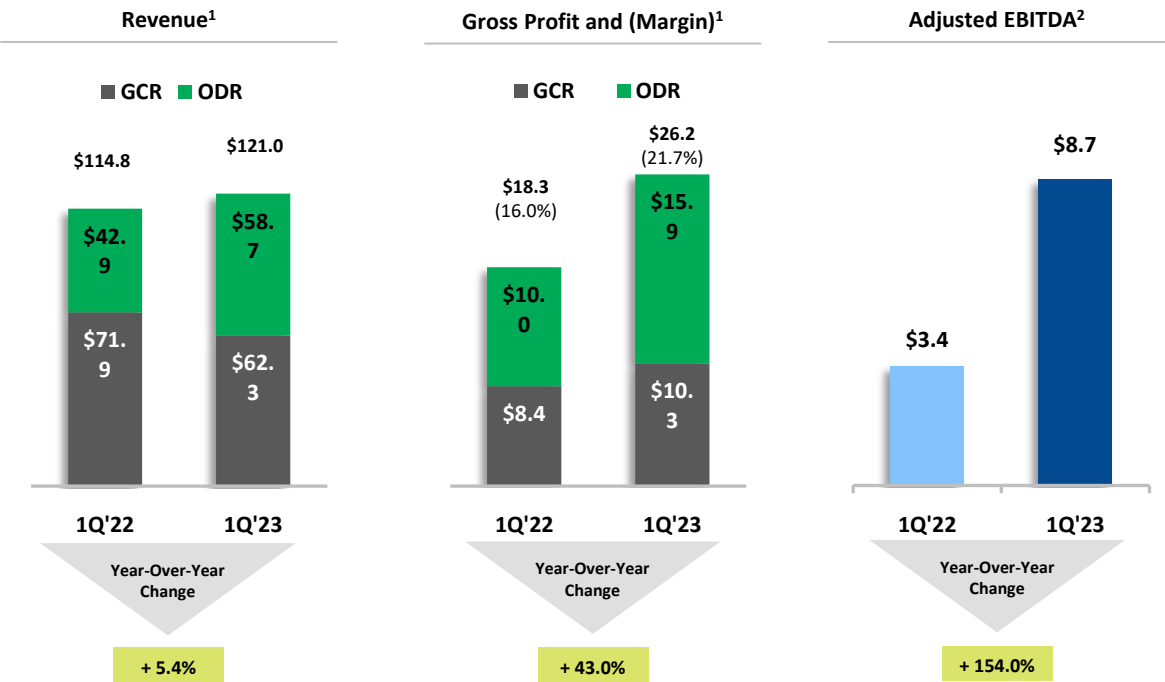
# APPENDIX





# Operating and Financial Update

1Q'23 Quarterly Performance



Dollars in millions. Totals may not foot due to rounding.  
1. See the Company's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2023.  
2. See slide 18 for Non-GAAP Reconciliation Table.

# Operating and Financial Update

Key Balance Sheet Items		
	March 31, 2023 <sup>1</sup>	December 31, 2022 <sup>1</sup>
Cash and Cash Equivalents	\$41.4	\$36.0
Current Assets	\$212.3	\$226.0
Current Liabilities	\$142.5	\$159.1
Working Capital	\$69.8	\$66.9
Net (Over) / Under Billing <sup>2</sup>	\$(7.2)	\$(10.2)
Revolver	—	—
Term Loan	\$19.6	\$21.5
Financing Liability (Sale and Leaseback Transaction)	\$5.4	\$5.4
Vehicle Finance Leases	\$5.7	\$5.0
Total Debt	\$30.7	\$31.8
Net Debt	\$0.0	\$0.0
Equity	\$99.2	\$95.4

**Subsequent to quarter end, we entered into an amended credit facility which replaced the prior one. Key aspects of the new facility included:**

- Expanded revolver with availability of up to \$50.0 million of revolving borrowings in the aggregate
- Extended the maturity date of the revolving credit facility to February 24, 2028
- Prior to closing, the Company repaid \$9.6 million of the prior term loan balance with the remaining \$10.0 million deemed to be outstanding under the new revolver

Dollars in millions.

1. See the Company's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2023 and annual report on Form 10-K for the fiscal year ended December 31, 2022.

2. For the calculation of the Company's net billing position, refer to Note 3 to the consolidated financial statements within the Company's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2023.

# Non-GAAP Reconciliation Table

For the Three Months and TTM periods ended March 31, 2023

## Reconciliation of Net Income to Adjusted EBITDA

(in thousands)	Three Months Ended, March 31,		TTM March 31,
	2023	2022	2023
Net income (loss)	\$ 2,993	\$ (1,516)	\$ 11,308
Adjustments:			
Depreciation and amortization	1,922	2,062	8,018
Interest expense, net	667	486	2,325
Non-cash stock-based compensation expense	1,133	599	3,276
Change in fair value of interest rate swap	156	—	(154)
CEO transition costs	811	—	811
Loss on early termination of operating lease	—	817	32
Income tax provision (benefit)	622	(616)	4,047
Acquisition and other transaction costs	—	153	120
Change in fair value of contingent consideration	141	—	2,426
Restructuring costs <sup>(1)</sup>	240	1,435	4,821
Adjusted EBITDA	<u>\$ 8,685</u>	<u>\$ 3,420</u>	<u>\$ 37,030</u>

### \* 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.

1. For the three months ended March 31, 2023, the majority of the restructuring costs related to our Southern California and Eastern Pennsylvania branches. For the three months ended March 31, 2022 and TTM March 31, 2023 period, the majority of the restructuring costs related to our Southern California and Eastern Pennsylvania branches and nominal restructuring costs related to cost initiatives throughout the company.

## Additional Modeling Considerations for FY 2023

Metric	Comment
<b>FY 2023 Segment Revenue Mix</b>	50 / 50
<b>GCR Revenue Change</b>	Targeted annual single digit contraction
<b>ODR Revenue Change</b>	Targeted annual growth in “low teens”
<b>GCR Gross Margin</b>	Targeted 12% to 15%
<b>ODR Gross Margin</b>	Targeted 25% to 28%
<b>SG&amp;A Margin</b>	15.5% to 16.5%
<b>Free Cash Flow Conversion as % of Adjusted EBITDA<sup>2</sup> (excluding working capital changes)</b>	Target 70% Annual Conversion
<b>Tax Rate</b>	Projected to be approximately 28%

1. With respect to projected 2023 Adjusted EBITDA, a quantitative reconciliation is not available without unreasonable effort due to the high variability, complexity and low visibility with respect to taxes and other items, which are excluded from Adjusted EBITDA. The company expects the variability of this item to have a potentially unpredictable, and potentially significant, impact on future GAAP financial results.
2. Free Cash Flow is defined as net income, add back non-cash operating activities and then subtract capital expenditures.



## Contact Us

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