
IES Holdings, Inc.

Fourth Quarter and Fiscal Year 2019 Update

December 6, 2019



Disclosures

Forward-Looking Statements

Certain statements in this document may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "seek," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company's actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to, the ability of our controlling shareholder to take action not aligned with other shareholders; the possibility that certain tax benefits of our net operating losses may be restricted or reduced in an ownership change or a further change in the federal tax rate; the potential recognition of valuation allowances or further write-downs on net deferred tax assets; the inability to carry out plans and strategies as expected, including underperformance of our acquisitions or our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy; competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects; fluctuations in operating activity due to downturns in levels of construction, seasonality and differing regional economic conditions; and our ability to successfully manage projects, as well as other risk factors discussed in this document, in the Company's annual report on Form 10-K for the year ended September 30, 2019 and in the Company's other reports on file with the SEC. You should understand that such risk factors could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. The Company undertakes no obligation to publicly update or revise any information, including information concerning its controlling shareholder, net operating losses, borrowing availability, or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this document.

Forward-looking statements are provided in this document pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties, and risks described herein.

Non-GAAP Financial Measures and Other Adjustments

This document includes adjusted net income per share and backlog, and, in the non-GAAP reconciliation tables included herein, adjusted net income attributable to IES, adjusted earnings per share attributable to IES, adjusted EBITDA and adjusted net income before taxes, each of which is a financial measure not calculated in accordance with generally accepted accounting principles in the U.S. ("GAAP"). Management believes that these measures provide useful information to our investors by, in the case of adjusted net income per share, adjusted net income attributable to IES, adjusted earnings per share attributable to IES, adjusted EBITDA and adjusted net income before taxes, distinguishing certain nonrecurring events such as litigation settlements or significant expenses associated with leadership changes, or noncash events, such as our valuation allowances release and write-down of our net deferred tax assets, or, in the case of backlog, providing a common measurement used in IES's industry, as described further below, and that these measures, when reconciled to the most directly comparable GAAP measures, help our investors to better identify underlying trends in the operations of our business and facilitate easier comparisons of our financial performance with prior and future periods and to our peers. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which has been provided in the financial tables included in this document. Remaining performance obligations represent the unrecognized revenue value of our contract commitments. While backlog is not a defined term under GAAP, it is a common measurement used in IES's industry and IES believes this non-GAAP measure enables it to more effectively forecast its future results and better identify future operating trends that may not otherwise be apparent. IES's remaining performance obligations are a component of IES's backlog calculation, which also includes signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins. IES's methodology for determining backlog may not be comparable to the methodologies used by other companies.

For further details on the Company's financial results, please refer to the Company's annual report on Form 10-K for the fiscal quarter ended September 30, 2019, to be filed with the Securities and Exchange Commission ("SEC") by December 6, 2019, and any amendments thereto.

General information about IES Holdings, Inc. can be found at <http://www.ies-co.com> under "Investor Relations." The Company's annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through the Company's website as soon as reasonably practicable after they are filed with, or furnished to, the SEC.

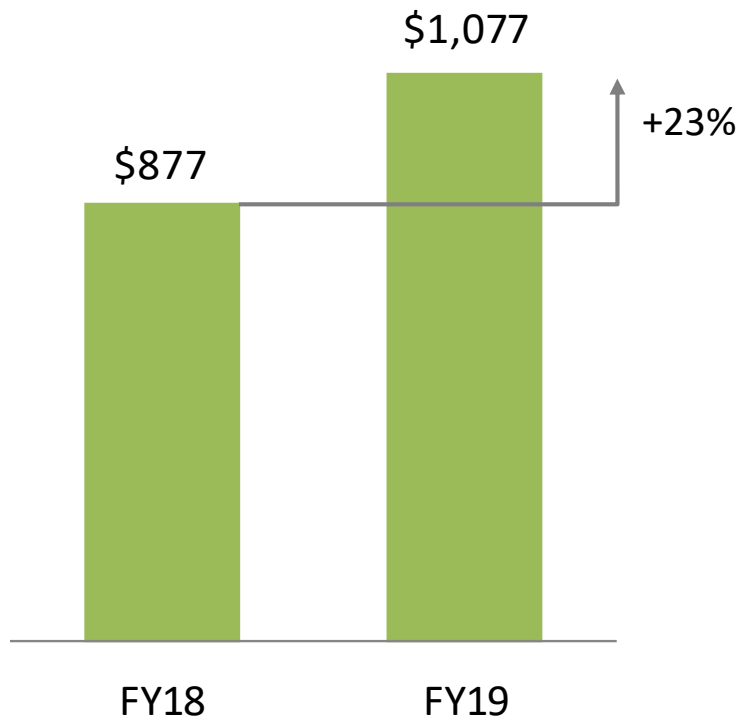
Fiscal Year 2019 Highlights

- ◆ Revenue of \$1.1 billion, an increase of 23% year-over-year (“y-o-y”)
- ◆ Operating Income of \$41.9 million, an increase of 61% y-o-y
- ◆ Net Income Per Share of \$1.55 and Adjusted Net Income Per Share* of \$1.79
- ◆ Remaining Performance Obligations, a GAAP measure of future revenue to be recognized from current contracts with customers, of \$452 million
- ◆ Backlog* of \$537 million, an increase of 11% y-o-y
- ◆ Amended and extended credit facility with Wells Fargo, improving our flexibility and reducing our interest rate
- ◆ Repurchased \$8 million of stock during the year pursuant to our stock repurchase program

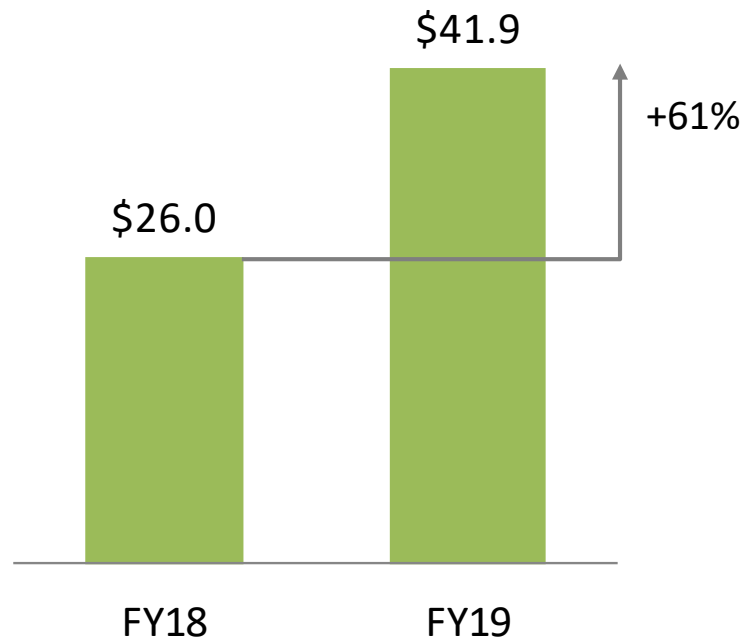
* Non-GAAP financial measure; see reconciliation table

FY19 Revenue and Operating Income

REVENUE

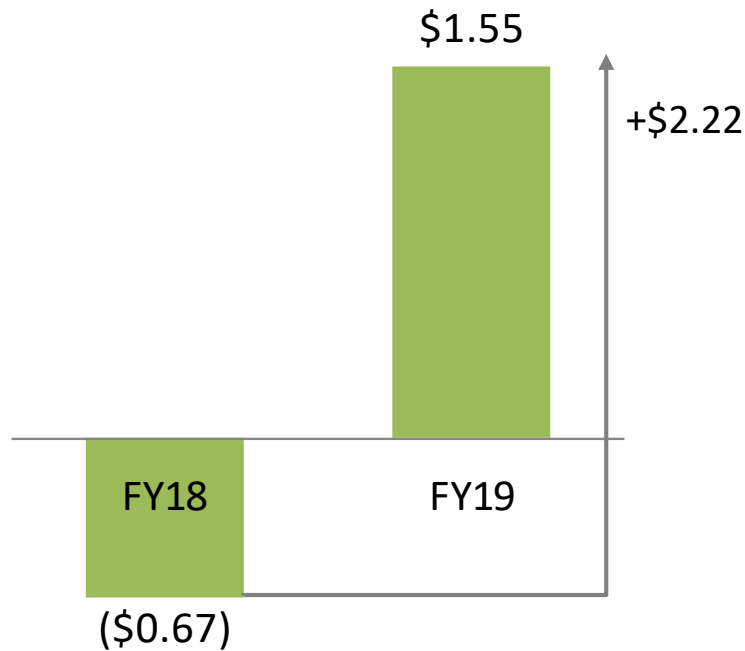


OPERATING INCOME

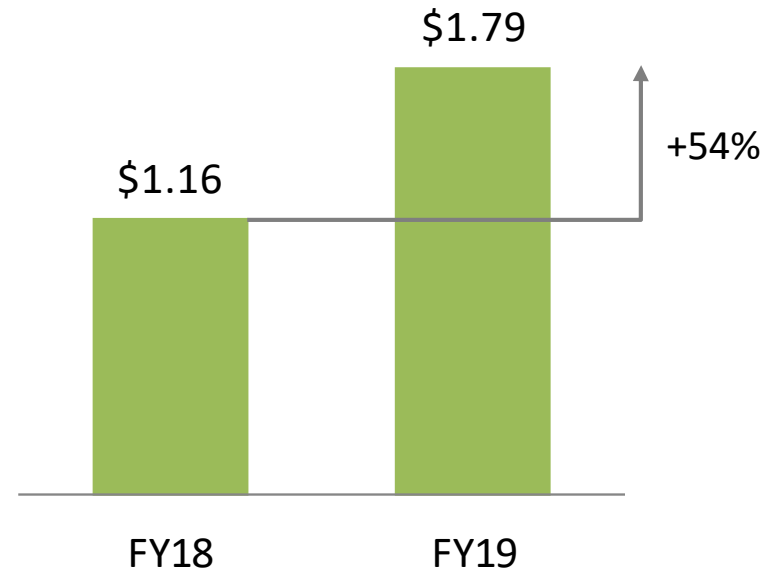


FY19 Net Income Per Share and Adjusted Net Income Per Share*

NET INCOME PER SHARE



ADJUSTED NET INCOME PER SHARE*



Fiscal Year 2019 Segment Results

Communications

- ◆ Revenue: \$321.2 million (increase of 46% over FY18)
 - ◆ Operating Income: \$24.8 million (+74%)
-

Residential

- ◆ Revenue: \$313.3 million (+10%)
 - ◆ Operating Income: \$17.9 million (+6%)
-

Infrastructure Solutions

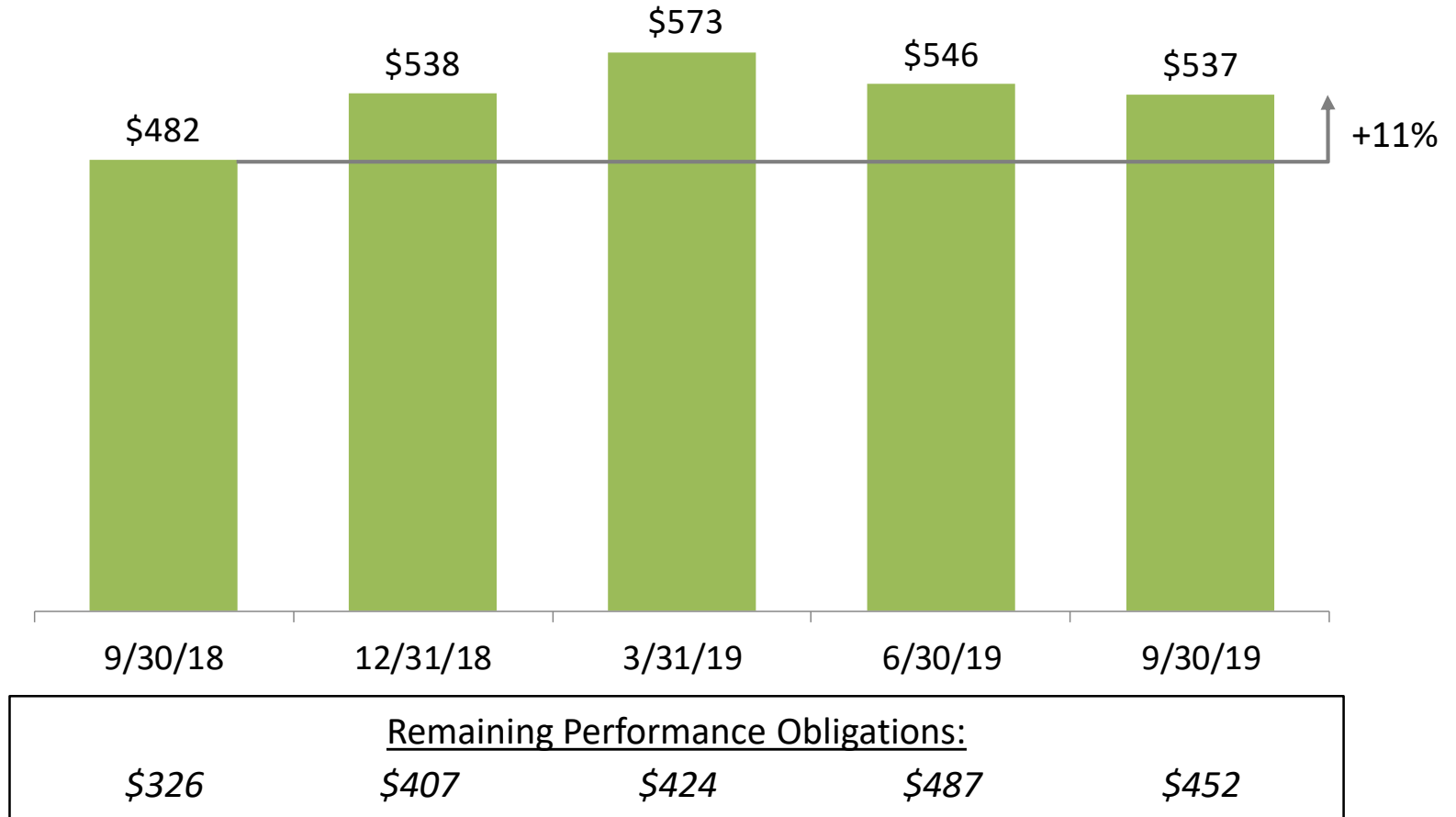
- ◆ Revenue: \$136.8 million (+41%)
 - ◆ Operating Income: \$12.4 million (+285%)
-

Commercial & Industrial

- ◆ Revenue: \$305.6 million (+11%)
- ◆ Operating Income: \$2.1 million (-23%)

Strong Backlog*

Backlog (\$ in millions)



* Non-GAAP financial measure; see reconciliation table

APPENDIX



Income Statement

(in millions, except earnings per share)

	Fiscal Year Ending September 30,			
	2016	2017	2018	2019
Revenue	\$696.0	\$810.7	\$876.8	\$1,077.0
Operating income	25.0	20.3	26.0	41.9
Interest expense & other	1.2	1.5	1.6	1.7
Income from operations before income taxes	\$23.8	\$18.8	\$24.3	\$40.1
Provision for (benefit from) income taxes	(97.1)	5.2	38.2	6.7
Net income attributable to noncontrolling interest	(0.1)	(0.2)	(0.4)	(0.3)
Comprehensive income (loss) attributable to IES Holdings, Inc.	\$120.8	\$13.4	(\$14.2)	\$33.2
<i>Adjusted net income attributable to IES Holdings, Inc. ⁽¹⁾</i>	<i>\$22.8</i>	<i>\$16.8</i>	<i>\$24.6</i>	<i>\$38.4</i>
Earnings (loss) per share attributable to IES Holdings, Inc.	\$5.62	\$0.62	(\$0.67)	\$1.55
<i>Adjusted earnings per share attributable to IES Holdings, Inc. ⁽¹⁾</i>	<i>\$1.06</i>	<i>\$0.78</i>	<i>\$1.16</i>	<i>\$1.79</i>
Diluted shares used to calculate earnings per share	21.5	21.5	21.2	21.3

⁽¹⁾ Adjusted net income attributable to IES Holdings, Inc. and Adjusted earnings per share attributable to IES Holdings, Inc. are non-GAAP financial measures; see reconciliation table

Select Balance Sheet Data

(in millions)	Fiscal Year Ending September 30,			
	2016	2017	2018	2019
Cash	\$33.2	\$28.3	\$26.2	\$18.9
Current Assets	176.5	203.5	236.4	277.5
Deferred Tax Assets	93.5	86.2	46.6	40.9
Non-Current Assets	91.1	106.5	112.7	107.9
Total Assets	\$394.3	\$424.5	\$422.0	\$445.3
Current Liabilities	\$133.1	\$150.6	\$164.4	\$193.5
Other Liabilities	6.8	4.5	4.4	1.9
Debt	29.3	29.4	29.6	0.3
Total Liabilities	\$169.1	\$184.5	\$198.4	\$195.7
Noncontrolling interest	1.8	3.3	3.2	3.3
Equity	223.4	236.7	220.4	246.2
Total Liabilities & Equity	\$394.3	\$424.5	\$422.0	\$445.3

Segment Results

(in millions)	Fiscal Year Ending September 30,			
	2016	2017	2018	2019
Revenue				
Commercial & Industrial	\$222.5	\$227.6	\$274.3	\$305.6
Communications	189.6	225.3	219.7	321.2
Infrastructure Solutions	58.0	83.8	97.2	136.8
Residential	225.9	274.0	285.7	313.3
Total Revenue	\$696.0	\$810.7	\$876.8	\$1,077.0
Operating Income				
Commercial & Industrial	\$7.6	(\$1.2)	\$2.7	\$2.1
Communications	11.7	13.6	14.2	24.8
Infrastructure Solutions	1.8	2.8	3.2	12.4
Residential	16.4	19.5	16.9	17.9
Corporate	(12.6)	(14.4)	(11.2)	(15.4)
Total Operating Income	\$25.0	\$20.3	\$26.0	\$41.9

Non-GAAP Reconciliation Of Adjusted Net Income Attributable To IES Holdings, Inc.

(in millions, except earnings per share)

	Fiscal Year Ending September 30,			
	2016	2017	2018	2019
Comprehensive income (loss) attributable to IES Holdings, Inc.	\$120.8	\$13.4	(\$14.2)	\$33.2
Provision for (benefit from) income taxes	(97.1)	5.2	38.2	6.7
Adjusted net income before taxes	\$23.7	\$18.6	\$24.0	\$39.9
Current tax expense ⁽¹⁾	(1.7)	(1.8)	(1.3)	(2.3)
Loss on sale of non-core assets	0.8	–	–	–
Litigation settlement charge	–	–	1.9	–
Severance expense	–	–	–	0.8
Adjusted net income attributable to IES Holdings, Inc. ⁽²⁾	\$22.8	\$16.8	\$24.6	\$38.4
Adjusted earnings per share attributable to IES Holdings, Inc. ⁽²⁾	\$1.06	\$0.78	\$1.16	\$1.79
Diluted shares used to calculate adjusted earnings per share	21.5	21.5	21.2	21.3

⁽¹⁾ Represents the tax expense for the current period which will be paid in cash and not offset by the utilization of deferred tax assets

⁽²⁾ Adjusted net income attributable to IES Holdings, Inc. and Adjusted earnings per share attributable to IES Holdings, Inc. are non-GAAP financial measures

Non-GAAP Reconciliation Of Adjusted EBITDA

(in millions, except earnings per share)

	Fiscal Year Ending September 30,			
	2016	2017	2018	2019
Comprehensive income (loss) attributable to IES Holdings, Inc.	\$120.8	\$13.4	(\$14.2)	\$33.2
Provision for (benefit from) income taxes	(97.1)	5.2	38.2	6.7
Interest & other expense, net	1.2	1.5	1.6	1.7
Depreciation and amortization	5.7	9.6	8.9	9.6
EBITDA	\$30.5	\$29.8	\$34.5	\$51.1
Non-cash equity compensation expense	1.6	1.7	(0.1)	2.4
Loss on sale of non-core assets	0.8	–	–	–
Litigation settlement charge	–	–	1.9	–
Severance expense	–	–	–	0.8
Adjusted EBITDA	\$32.9	\$31.5	\$36.2	\$54.3

Non-GAAP Reconciliation Of Remaining Performance Obligations To Backlog

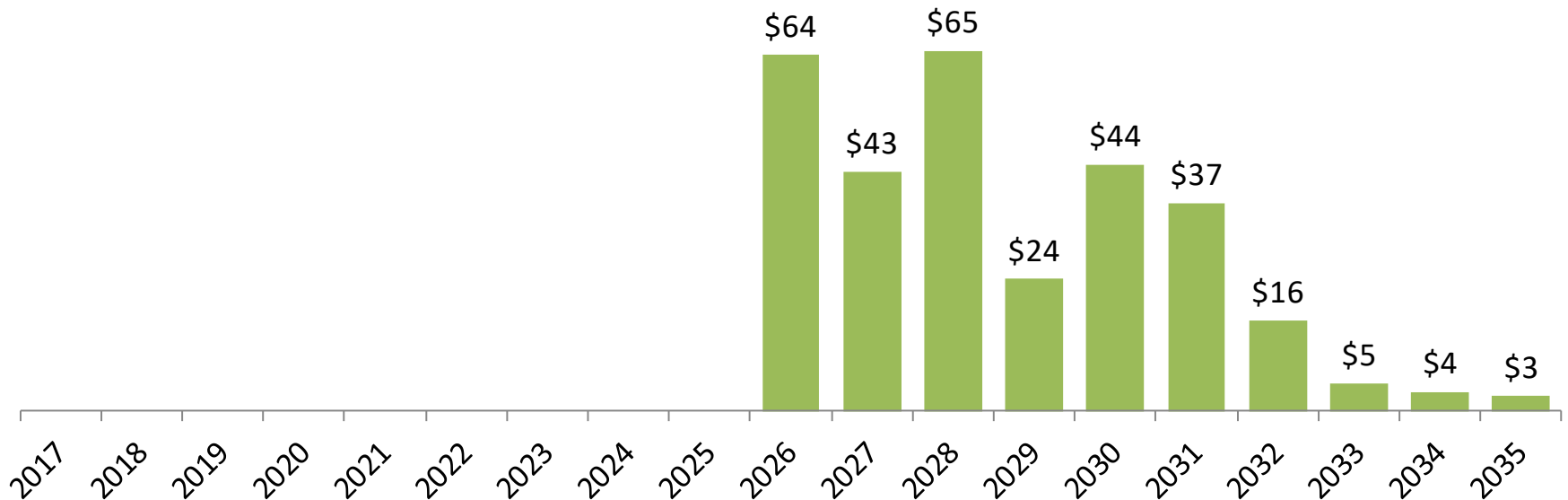
(in millions)	<u>September 30, 2019</u>	<u>June 30, 2019</u>	<u>September 30, 2018</u>
Remaining performance obligations	\$452	\$487	\$326
Agreements without an enforceable obligation ⁽¹⁾	<u>85</u>	<u>59</u>	<u>156</u>
Backlog	\$537	\$546	\$482

⁽¹⁾ Our backlog contains signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins

NOL Summary

- ◆ Estimated net operating loss carry forwards (“NOLs”) of approximately \$306 million as of September 30, 2019, including approximately \$144 million resulting from net operating losses on which a deferred tax asset is not recorded
- ◆ Rights Agreement implemented to deter new 5% shareholders in order to prevent certain limitations on NOLs

NOL EXPIRATION SCHEDULE



Note: Assumes no change, limitation or usage of existing NOLs prior to expiration dates