
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 4, 2020

IES Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-13783
(Commission
File Number)

76-0542208
(I.R.S. Employer
Identification Number)

5433 Westheimer Road, Suite 500, Houston, Texas 77056
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (713) 860-1500

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	IESC	NASDAQ Global Market
Rights to Purchase Preferred Stock	IESC	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 4, 2020, IES Holdings, Inc. (the “Company”) issued a press release announcing its results of operations for the fiscal 2020 first quarter. A copy of the press release is furnished with this report as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

On February 4, 2020, the Company posted to its website, www.ies-co.com, under the Investor Relations section, a presentation with the title “IES Holdings, Inc.–First Quarter 2020 Update.” A copy of the presentation is furnished with this report as Exhibit 99.2. The presentation will remain on the Company’s website for a period of at least thirty days.

The information set forth herein is furnished pursuant to Item 7.01–Regulation FD Disclosure and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section nor shall the information be deemed incorporated by reference in any filing of the Company.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press release dated February 4, 2020 announcing results of operations.
99.2	Presentation titled "IES Holdings, Inc.–First Quarter 2020 Update," dated February 4, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 4, 2020

IES HOLDINGS, INC.

/s/ Tracy A. McLauchlin

Tracy A. McLauchlin
Senior Vice President, Chief Financial Officer and
Treasurer



Contact: Tracy McLauchlin, CFO

IES Holdings, Inc.

713-860-1500

FOR IMMEDIATE RELEASE

IES Holdings Reports Fiscal 2020 First Quarter Results
- Revenue of \$276 million, an increase of 13% year-over-year
- Net Income Per Share of \$0.39 and Adjusted Net Income Per Share of \$0.54

HOUSTON — February 4, 2020 — IES Holdings, Inc. (or “IES” or the “Company”) (NASDAQ: IESC) today announced financial results for the quarter ended December 31, 2019.

First Quarter of Fiscal Year 2020 Highlights

- Revenue of \$276 million for the first quarter of fiscal 2020, an increase of 13% compared with \$244 million for the first quarter of fiscal 2019
- Operating income of \$12.4 million for the first quarter of fiscal 2020, an increase of 31% compared with \$9.5 million for the first quarter of fiscal 2019
- Net income attributable to IES of \$8.5 million, or \$0.39 per diluted share, for the first quarter of fiscal 2020, compared with \$6.9 million, or \$0.32 per diluted share, for the first quarter of fiscal 2019
- Adjusted net income attributable to IES (a non-GAAP financial measure, as defined below) increased 35% to \$11.3 million, or \$0.54 per diluted share, for the first quarter of fiscal 2020, compared with \$8.4 million, or \$0.40 per diluted share, for the first quarter of fiscal 2019
- Remaining performance obligations, a GAAP measure of future revenue to be recognized from current contracts with customers, of approximately \$430 million as of December 31, 2019
- Backlog (a non-GAAP financial measure, as defined below) of approximately \$509 million as of December 31, 2019

Management Commentary

Gary S. Matthews, Chief Executive Officer, stated, "I am pleased with our first quarter performance, with revenue and operating income ahead of last year by 13% and 31%, respectively. Our Residential and Communications segments continue to demonstrate strong growth and execution, highlighted by operating income exceeding our prior year first quarter by \$2.5 million and \$2.0 million, respectively. Both segments are seeing increased demand from current customers and an expanding customer base. Infrastructure Solutions increased operating income by \$1.9 million compared to prior year as it benefitted from improvements in project execution. Commercial & Industrial continues to be impacted by a combination of inefficiencies on several projects and reduced volume in a competitive marketplace. To address these issues, we have invested in a number of initiatives that we are implementing over the remainder of fiscal 2020. Specifically, we are working to streamline costs, improve our project selection and overhaul procurement sourcing, which we believe will lead to margin improvement for this segment. Looking ahead, we expect that full year performance will be supported by continued residential and data center end market momentum, and that these trends will offset soft results in the near-term at Commercial & Industrial. In addition, we are actively evaluating a number of acquisition candidates and I am confident in our ability to continue to build shareholder value through organic growth and strategic investments."

Tracy A. McLaughlin, Chief Financial Officer, added, "We continue to maintain a conservative balance sheet, which was further strengthened by \$11 million of cash from operations in the quarter. Our strong cash flow resulted in a cash balance, net of debt, of \$27 million as of December 31, 2019, compared to a debt balance, net of cash, of \$9 million a year earlier, an improvement of \$36 million. Our disciplined capital allocation philosophy and our strong liquidity position continue to support our growth strategy as we focus on building shareholder value, including through acquisitions and stock repurchases."

Net Operating Loss Carryforwards

The Company estimates that it has available Net Operating Loss Carryforwards (NOLs) for U.S. federal income tax purposes of approximately \$306 million at September 30, 2019, including approximately \$144 million resulting from net operating losses on which a deferred tax asset is not recorded. The Company's common stock is subject to a Rights Plan dated November 8, 2016, which is intended to assist in limiting the number of 5% or more owners of the Company's common stock and thereby reduce the risk of a possible "ownership change" under Section 382 of the Internal Revenue Code

of 1986, as amended. Any such “ownership change” under these rules would limit or eliminate the ability of the Company to use its existing NOLs for federal income tax purposes. There is no guarantee that the Rights Plan will achieve the objective of preserving the value or realization of the NOLs.

Stock Buyback Plan

In 2015, the Company’s Board of Directors authorized and announced a stock repurchase program for purchasing up to 1.5 million shares of our common stock from time to time, and on May 2, 2019, authorized the repurchase of up to an additional 1.0 million shares. During the quarter ended December 31, 2019, the Company repurchased 19,817 shares at an average price of \$22.51 per share. The Company had 1,237,168 shares remaining under its stock repurchase authorization at December 31, 2019.

Non-GAAP Financial Measures and Other Adjustments

This press release includes adjusted net income attributable to IES, adjusted earnings per share attributable to IES, and backlog, and, in the non-GAAP reconciliation tables included herein, 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 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 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 press release.

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 quarterly report on Form 10-Q for the fiscal quarter ended December 31, 2019, to be filed with the Securities and Exchange Commission ("SEC") by February 4, 2020, and any amendments thereto.

About IES Holdings, Inc.

IES is a holding company that owns and manages operating subsidiaries that provide electrical contracting and other infrastructure services to a variety of end markets, including data centers, residential housing, and commercial and industrial facilities. Our approximately 5,500 employees serve clients in the United States. For more information about IES, please visit www.ies-co.com.

Certain statements in this release 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 a change in ownership or a change in the federal tax rate; the potential recognition of valuation allowances or write-downs on deferred tax assets; the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions; 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 or the housing market, 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 release.

Forward-looking statements are provided in this press release 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.

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.

IES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended December 31,	
	2019	2018
Revenues	\$ 276.0	\$ 243.8
Cost of services	225.8	202.2
Gross profit	50.2	41.6
Selling, general and administrative expenses	37.9	32.1
Operating income	12.4	9.5
Interest expense	0.2	0.5
Other (income) expense, net	0.1	—
Income from operations before income taxes	12.0	8.9
Provision for income taxes	3.5	1.9
Net income	8.5	7.0
Net income attributable to noncontrolling interest	—	(0.1)
Net income attributable to IES Holdings, Inc.	<u>\$ 8.5</u>	<u>\$ 6.9</u>
Earnings per share attributable to IES Holdings, Inc.:		
Basic	\$ 0.40	\$ 0.32
Diluted	\$ 0.39	\$ 0.32
Shares used in the computation of earnings per share:		
Basic (in thousands)	20,883	21,233
Diluted (in thousands)	21,148	21,261

IES HOLDINGS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE
TO IES HOLDINGS, INC. AND ADJUSTED EARNINGS PER SHARE
ATTRIBUTABLE TO IES HOLDINGS, INC.
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended December 31,	
	2019	2018
Net income attributable to IES Holdings, Inc.	\$ 8.5	\$ 6.9
Provision for income taxes	3.5	1.9
Adjusted net income before taxes	12.0	8.8
Current tax expense ⁽¹⁾	(0.7)	(0.4)
Adjusted net income attributable to IES Holdings, Inc.	<u>\$ 11.3</u>	<u>\$ 8.4</u>
Adjusted earnings per share attributable to IES Holdings, Inc.:		
Basic	\$ 0.54	\$ 0.40
Diluted	\$ 0.54	\$ 0.40
Shares used in the computation of earnings per share:		
Basic (in thousands)	20,883	21,233
Diluted (in thousands)	21,148	21,261

(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

IES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)
(UNAUDITED)

	December 31, 2019	September 30, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 27.3	\$ 18.9
Accounts receivable:		
Trade, net of allowance	169.6	186.3
Retainage	33.0	29.2
Inventories	19.9	21.5
Costs and estimated earnings in excess of billings	27.9	29.9
Prepaid expenses and other current assets	12.1	10.6
Total current assets	<u>289.7</u>	<u>296.5</u>
Property and equipment, net	25.6	25.7
Goodwill	50.6	50.6
Intangible assets, net	25.7	26.6
Deferred tax assets	38.1	40.9
Operating right of use assets	34.9	—
Other non-current assets	5.2	4.9
Total assets	<u>\$ 469.9</u>	<u>\$ 445.3</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 140.4	\$ 152.9
Billings in excess of costs and estimated earnings	45.6	40.6
Total current liabilities	<u>185.9</u>	<u>193.5</u>
Long-term debt	0.3	0.3
Operating long-term lease liabilities	23.7	—
Other non-current liabilities	2.2	1.9
Total liabilities	<u>212.2</u>	<u>195.7</u>
Noncontrolling interest	2.9	3.3
STOCKHOLDERS' EQUITY:		
Preferred stock	—	—
Common stock	0.2	0.2
Treasury stock, at cost	(12.0)	(12.5)
Additional paid-in capital	192.5	192.9
Retained earnings	74.1	65.6
Total stockholders' equity	<u>254.8</u>	<u>246.2</u>
Total liabilities and stockholders' equity	<u>\$ 469.9</u>	<u>\$ 445.3</u>

IES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)
(UNAUDITED)

	Three Months Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 8.5	\$ 7.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred financing cost amortization	0.1	0.1
Depreciation and amortization	2.4	2.4
Non-cash compensation expense	0.9	—
Deferred income taxes	2.8	1.9
Changes in operating assets and liabilities:		
Accounts receivable	16.7	(9.8)
Inventories	1.7	(2.9)
Costs and estimated earnings in excess of billings	1.9	7.0
Prepaid expenses and other current assets	(6.3)	(3.0)
Other non-current assets	0.1	(1.4)
Accounts payable and accrued expenses	(22.8)	(3.6)
Billings in excess of costs and estimated earnings	5.0	1.5
Other non-current liabilities	—	(0.6)
Net cash provided by (used in) operating activities	<u>11.0</u>	<u>(1.4)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1.4)	(2.1)
Net cash used in investing activities	<u>(1.3)</u>	<u>(2.1)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of debt	104.2	0.1
Repayments of debt	(104.2)	(0.1)
Distribution to noncontrolling interest	(0.5)	—
Purchase of treasury stock	(0.9)	(2.2)
Net cash used in financing activities	<u>(1.3)</u>	<u>(2.2)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8.4	(5.7)
CASH, CASH EQUIVALENTS and RESTRICTED CASH, beginning of period	<u>18.9</u>	<u>26.2</u>
CASH, CASH EQUIVALENTS and RESTRICTED CASH, end of period	<u>\$ 27.3</u>	<u>\$ 20.6</u>

IES HOLDINGS, INC. AND SUBSIDIARIES
OPERATING SEGMENT STATEMENT OF OPERATIONS
(DOLLARS IN MILLIONS)
(UNAUDITED)

	Three Months Ended December 31,	
	2019	2018
Revenues		
Commercial & Industrial	\$ 67.7	\$ 72.6
Communications	84.3	69.3
Infrastructure Solutions	31.3	29.5
Residential	92.7	72.5
Total revenue	<u>\$ 276.0</u>	<u>\$ 243.8</u>
Operating income (loss)		
Commercial & Industrial	\$ (0.5)	\$ 2.0
Communications	7.0	5.0
Infrastructure Solutions	3.3	1.4
Residential	6.4	3.9
Corporate	(3.8)	(2.8)
Total operating income (loss)	<u>\$ 12.4</u>	<u>\$ 9.5</u>

IES HOLDINGS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATION OF ADJUSTED EBITDA
(DOLLARS IN MILLIONS)
(UNAUDITED)

	Three Months Ended December 31,	
	2019	2018
Net income attributable to IES Holdings, Inc.	\$ 8.5	\$ 6.9
Provision for income taxes	3.5	1.9
Interest & other expense, net	0.4	0.6
Depreciation and amortization	2.4	2.4
EBITDA	<u>\$ 14.7</u>	<u>\$ 11.8</u>
Non-cash equity compensation expense	0.9	—
Adjusted EBITDA	<u>\$ 15.6</u>	<u>\$ 11.8</u>

IES HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL REMAINING PERFORMANCE OBLIGATIONS AND NON-GAAP RECONCILIATION OF BACKLOG DATA
(DOLLARS IN MILLIONS)
(UNAUDITED)

	December 31, 2019	September 30, 2019	December 31, 2018
Remaining performance obligations	\$ 430	\$ 452	\$ 407
Agreements without an enforceable obligation (1)	79	85	131
Backlog	<u>\$ 509</u>	<u>\$ 537</u>	<u>\$ 538</u>

- (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.

IES Holdings, Inc.
First Quarter 2020 Update

February 4, 2020



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 change in the federal tax rate; the potential recognition of valuation allowances or write-downs on deferred tax assets; the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions; 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 or the housing market, 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 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-Q for the fiscal quarter ended December 31, 2019, to be filed with the Securities and Exchange Commission ("SEC") by February 4, 2020, and any amendments thereto.

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First Quarter 2020 Highlights

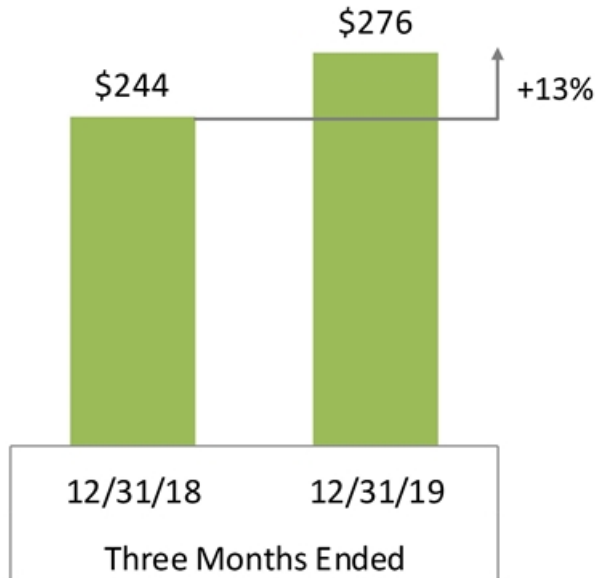
- ◆ Revenue of \$276 million, an increase of 13% year-over-year (“y-o-y”)
- ◆ Operating Income of \$12.4 million, an increase of 31% y-o-y
- ◆ Net Income Per Share of \$0.39 (+22%) and Adjusted Net Income Per Share* of \$0.54 (+35%)
- ◆ Remaining Performance Obligations, a GAAP measure of future revenue to be recognized from current contracts with customers, of \$430 million
- ◆ Backlog* of \$509 million
- ◆ Ended the quarter with a cash balance, net of debt, of \$27 million



* Non-GAAP financial measure; see reconciliation table

1Q20 Revenue and Operating Income

REVENUE

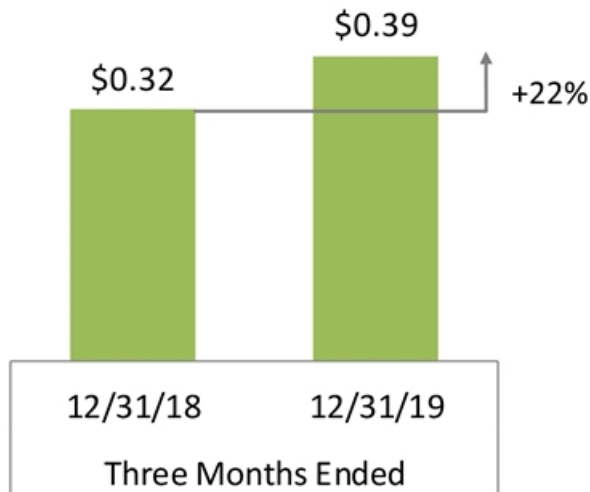


OPERATING INCOME



1Q20 Net Income Per Share and Adjusted Net Income Per Share*

NET INCOME PER SHARE



ADJUSTED NET INCOME PER SHARE*



* Non-GAAP financial measure; see reconciliation table

1Q20 Segment Results

Communications

- ◆ Revenue: \$84.3 million (increase of 22% over 1Q19)
 - ◆ Operating Income: \$7.0 million (+39%)
-

Residential

- ◆ Revenue: \$92.7 million (+28%)
 - ◆ Operating Income: \$6.4 million (+65%)
-

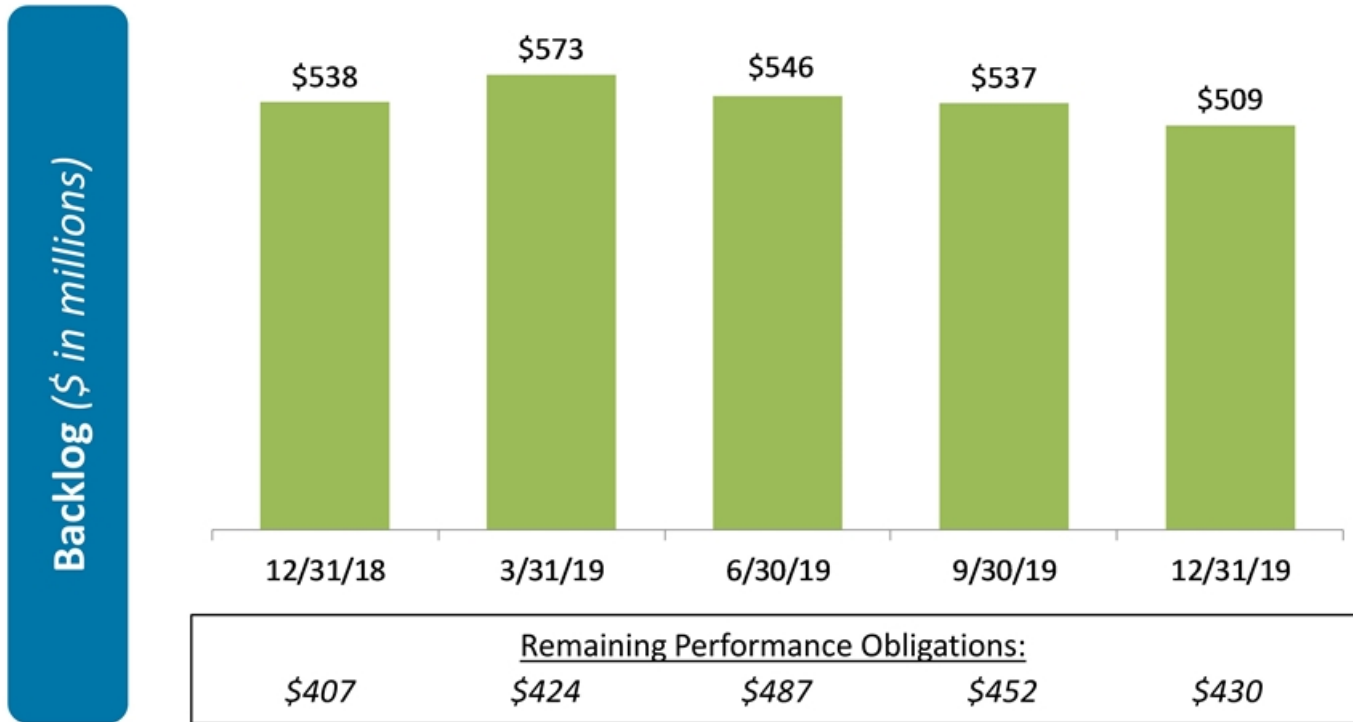
Infrastructure Solutions

- ◆ Revenue: \$31.3 million (+6%)
 - ◆ Operating Income: \$3.3 million (+132%)
-

Commercial & Industrial

- ◆ Revenue: \$67.7 million (-7%)
- ◆ Operating Loss: \$0.5 million

Strong Backlog*



APPENDIX



Income Statement

(in millions, except earnings per share)	Three Months Ended	
	December 31,	
	2018	2019
Revenue	\$243.8	\$276.0
Operating income	9.5	12.4
Interest expense & other	0.6	0.4
Income from operations before income taxes	\$8.9	\$12.0
Provision for (benefit from) income taxes	1.9	3.5
Net income attributable to noncontrolling interest	(0.1)	—
Comprehensive income (loss) attributable to IES Holdings, Inc.	\$6.9	\$8.5
<i>Adjusted net income attributable to IES Holdings, Inc.⁽¹⁾</i>	<i>\$8.4</i>	<i>\$11.3</i>
Earnings (loss) per share attributable to IES Holdings, Inc.	\$0.32	\$0.39
<i>Adjusted earnings per share attributable to IES Holdings, Inc.⁽¹⁾</i>	<i>\$0.40</i>	<i>\$0.54</i>
Diluted shares used to calculate earnings per share	21.3	21.1

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

Select Balance Sheet Data

(in millions)	Quarter Ended,		
	12/31/18	9/30/19	12/31/19
Cash	\$20.6	\$18.9	\$27.3
Current Assets	245.2	277.5	262.4
Deferred Tax Assets	45.0	40.9	38.1
Non-Current Assets	112.3	107.9	141.8
Total Assets	\$423.1	\$445.3	\$469.6
Current Liabilities	\$161.2	\$193.5	\$185.9
Other Liabilities	3.8	1.9	25.7
Debt	29.6	0.3	0.3
Total Liabilities	\$194.6	\$195.7	\$211.9
Noncontrolling interest	3.3	3.3	2.9
Equity	225.2	246.2	254.8
Total Liabilities & Equity	\$423.1	\$445.3	\$469.6

Segment Results

(in millions)	Three Months Ended	
	December 31,	
	2018	2019
Revenue		
Commercial & Industrial	\$72.6	\$67.7
Communications	69.3	84.3
Infrastructure Solutions	29.5	31.3
Residential	72.5	92.7
Total Revenue	\$243.8	\$276.0
Operating Income		
Commercial & Industrial	\$2.0	(\$0.5)
Communications	5.0	7.0
Infrastructure Solutions	1.4	3.3
Residential	3.9	6.4
Corporate	(2.8)	(3.8)
Total Operating Income	\$9.5	\$12.4

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

(in millions, except earnings per share)	Three Months Ended	
	December 31,	
	2018	2019
Comprehensive income (loss) attributable to IES Holdings, Inc.	\$6.9	\$8.5
Provision for (benefit from) income taxes	1.9	3.5
Adjusted net income before taxes	\$8.8	\$12.0
Current tax expense ⁽¹⁾	(0.4)	(0.7)
Adjusted net income attributable to IES Holdings, Inc. ⁽²⁾	\$8.4	\$11.3
Adjusted earnings per share attributable to IES Holdings, Inc. ⁽²⁾	\$0.40	\$0.54
Diluted shares used to calculate adjusted earnings per share	21.3	21.1

⁽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)

	Three Months Ended	
	December 31,	
	2018	2019
Comprehensive income attributable to IES Holdings, Inc.	\$6.9	\$8.5
Provision for (benefit from) income taxes	1.9	3.5
Interest & other expense, net	0.6	0.4
Depreciation and amortization	2.4	2.4
EBITDA	\$11.8	\$14.7
Non-cash equity compensation expense	–	0.9
Adjusted EBITDA	\$11.8	\$15.6

Non-GAAP Reconciliation Of Remaining Performance Obligations To Backlog

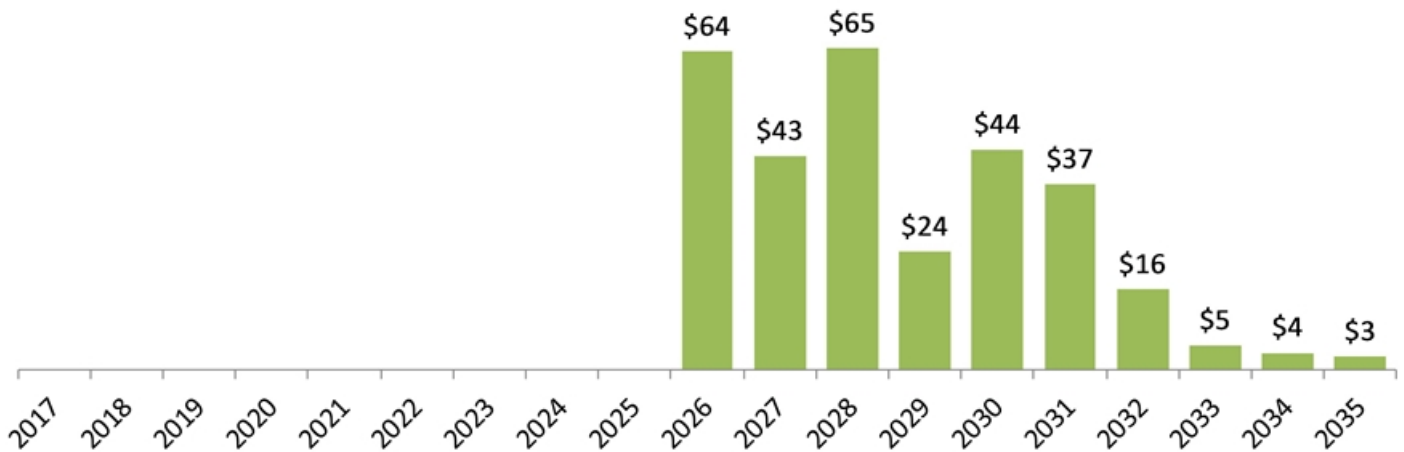
(in millions)	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Remaining performance obligations	\$430	\$452	\$407
Agreements without an enforceable obligation ⁽¹⁾	<u>79</u>	<u>85</u>	<u>131</u>
Backlog	\$509	\$537	\$538

⁽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