

**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): August 7, 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
<b>Common Stock, par value \$0.01 per share</b>	<b>IESC</b>	<b>NASDAQ Global Market</b>
<b>Rights to Purchase Preferred Stock</b>	<b>IESC</b>	<b>NASDAQ Global Market</b>

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.

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**Item 2.02. Results of Operations and Financial Condition.**

On August 7, 2020, IES Holdings, Inc. (the “Company”) issued a press release announcing its results of operations for the fiscal 2020 third quarter. A copy of the press release is furnished with this report as Exhibit 99.1.

**Item 7.01 Regulation FD Disclosure.**

On August 7, 2020, the Company posted to its website, [www.ies-co.com](http://www.ies-co.com), under the Investor Relations section, a presentation with the title “IES Holdings, Inc.–Third 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.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press release dated August 7, 2020 announcing results of operations.</a>
99.2	<a href="#">Presentation titled "IES Holdings, Inc.–Third Quarter 2020 Update," dated August 7, 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**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: August 7, 2020

**IES HOLDINGS, INC.**

*/s/ Mary K. Newman*

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Mary K. Newman

General Counsel and Corporate Secretary



Contact: Tracy McLaughlin, CFO  
IES Holdings, Inc.  
713-860-1500

**FOR IMMEDIATE RELEASE**

**IES Holdings Reports Fiscal 2020 Third Quarter Results**  
**- Revenue of \$293 million, an increase of 4% year-over-year**  
**- Operating income of \$14 million, an increase of 37% year-over-year**  
**- Net Income Per Share of \$0.58 and Adjusted Net Income Per Share of \$0.61**

HOUSTON — August 7, 2020 — IES Holdings, Inc. (or “IES” or the “Company”) (NASDAQ: IESC) today announced financial results for the quarter ended June 30, 2020.

**Third Quarter 2020 Highlights**

- Revenue of \$293 million for the third quarter of fiscal 2020, an increase of 4% compared with \$283 million for the same quarter of fiscal 2019
- Operating income of \$14.1 million for the third quarter of fiscal 2020, an increase of 37% compared with \$10.2 million for the same quarter of fiscal 2019
- Net income attributable to IES of \$12.3 million, or \$0.58 per diluted share, for the third quarter of fiscal 2020, compared with \$11.0 million, or \$0.52 per diluted share, for the same quarter of fiscal 2019
- Adjusted net income attributable to IES (a non-GAAP financial measure, as defined below) increased 38% to \$12.8 million, or \$0.61 per diluted share, for the third quarter of fiscal 2020, compared with \$9.3 million, or \$0.44 per diluted share, for the same quarter of fiscal 2019
- Remaining performance obligations, a GAAP measure of future revenue to be recognized from current contracts with customers, of approximately \$523 million as of June 30, 2020
- Backlog (a non-GAAP financial measure, as defined below) of approximately \$597 million as of June 30, 2020

## Nine Months 2020 Highlights

- Revenue of \$860 million for the first nine months of fiscal 2020, an increase of 10% compared with \$783 million for the same period of fiscal 2019
- Operating income of \$35.7 million for the first nine months of fiscal 2020, an increase of 28% compared with \$27.9 million for the same period of fiscal 2019
- Net income attributable to IES of \$27.0 million, or \$1.26 per diluted share, for the first nine months of fiscal 2020, compared with \$23.3 million, or \$1.09 per diluted share, for the same period of fiscal 2019
- Adjusted net income attributable to IES increased 24% to \$32.1 million, or \$1.52 per diluted share, for the first nine months of fiscal 2020, compared with \$25.9 million, or \$1.21 per diluted share, for the same period of fiscal 2019

## Management Commentary

“First and foremost, I am proud of the perseverance and determination that our team has displayed since the emergence of COVID-19,” said Jeffrey Gendell, Chairman and Interim Chief Executive Officer. “Our strong culture manifested itself in how the entire IES family rallied around each other, our customers and our communities by supporting critical infrastructure, ranging from data centers to housing, all while adhering to rigorous health and safety guidelines and regulations.

“The Company performed well during the third quarter, with consolidated revenue and operating income increasing 4% and 37%, respectively, over the same quarter last year. While revenue growth was constrained by COVID-19, which delayed several construction and maintenance projects, the majority of our end markets proved to be resilient and our segments have done a great job of managing staffing levels. Our Residential, Communications and Infrastructure Solutions segments all had meaningful operating margin improvement compared with both the same quarter last year and the second quarter of this fiscal year as we benefited from increased operating leverage. In particular, our Residential segment’s revenue grew 34% compared to the same quarter last year as demand for our single-family and multi-family lines of business continues to be strong. Additionally, our Communications and Infrastructure Solutions segments had solid quarters, benefiting from their strategic exposure to data center customers and projects. I am also pleased to report that our two most recent acquisitions, Aerial Lighting & Electric and Plant Power & Control Systems, are off to strong starts and am thrilled to have both teams join the IES family.

“We continue to work on profitability improvements in our Commercial & Industrial segment. We are actively executing an improvement plan that is focused on cost reductions in purchased materials and overhead, improved project oversight and tracking, and enhanced sales strategies. During the third quarter, Commercial & Industrial was negatively impacted by disruptions caused by COVID-19, ongoing project execution difficulties on certain projects, a charge related to a commercial dispute, and costs incurred in connection with changes to our organization structure. Looking ahead, we expect to continue to experience some COVID-related project delays and a competitive market, but we are optimistic about the long-term outlook for this segment.”

Tracy McLauchlin, Chief Financial Officer, added, “We ended the third quarter with \$36 million of cash after repaying in full outstanding borrowings on our revolving credit facility, reflecting our strong results and cash flow generation in the quarter, despite the uncertainties related to COVID-19. With our backlog of \$597 million, an increase of \$51 million from a year ago, strong liquidity position, and disciplined capital allocation philosophy, we believe that we are well-positioned to execute on our long-term growth strategy, while helping to position the Company to manage through times of economic uncertainty.”

#### **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 June 30, 2020, the Company repurchased 26,711 shares at an average price of \$20.29 per share, and for year-to-date fiscal 2020, the Company repurchased 224,959 shares at an average price of \$22.32 per share. The Company had 1,032,026 shares remaining under its stock repurchase authorization at June 30, 2020.

## 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 June 30, 2020, to be filed with the Securities and Exchange Commission ("SEC") by August 7, 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](http://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 impact of the COVID-19 outbreak or future epidemics on our business, including the potential for job site closures or work stoppages, supply chain disruptions, construction delays, reduced demand for our services, or our ability to collect from our customers; 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 June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Revenues	\$ 293.1	\$ 282.6	\$ 860.4	\$ 783.4
Cost of services	234.8	236.2	700.6	652.2
Gross profit	58.3	46.4	159.8	131.2
Selling, general and administrative expenses	44.3	36.3	124.2	103.5
Contingent consideration	—	(0.2)	—	(0.3)
Gain on sale of assets	—	—	—	0.1
Operating income	14.1	10.2	35.7	27.9
Interest expense	0.3	0.5	0.8	1.5
Other (income) expense, net	(0.2)	(0.1)	0.2	(0.1)
Income from operations before income taxes	14.0	9.8	34.7	26.5
Provision for (benefit from) income taxes	1.7	(1.2)	7.6	3.0
Net income	12.3	11.1	27.1	23.5
Net income attributable to noncontrolling interest	(0.1)	(0.1)	(0.1)	(0.1)
Net income attributable to IES Holdings, Inc.	\$ 12.3	\$ 11.0	\$ 27.0	\$ 23.3
Earnings per share attributable to IES Holdings, Inc.:				
Basic	\$ 0.58	\$ 0.52	\$ 1.28	\$ 1.10
Diluted	\$ 0.58	\$ 0.52	\$ 1.26	\$ 1.09
Shares used in the computation of earnings per share:				
Basic (in thousands)	20,728	21,043	20,820	21,140
Diluted (in thousands)	20,997	21,301	21,084	21,382

**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 June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Net income attributable to IES Holdings, Inc.	\$ 12.3	\$ 11.0	\$ 27.0	\$ 23.3
Provision for (benefit from) income taxes	1.7	(1.2)	7.6	3.0
Adjusted net income before taxes	14.0	9.8	34.6	26.4
Current tax expense (1)	(1.2)	(0.5)	(2.5)	(1.3)
Severance expense	—	—	—	0.8
Adjusted net income attributable to IES Holdings, Inc.	<u>\$ 12.8</u>	<u>\$ 9.3</u>	<u>\$ 32.1</u>	<u>\$ 25.9</u>
Adjusted earnings per share attributable to IES Holdings, Inc.:				
Basic	\$ 0.62	\$ 0.44	\$ 1.54	\$ 1.23
Diluted	\$ 0.61	\$ 0.44	\$ 1.52	\$ 1.21
Shares used in the computation of earnings per share:				
Basic (in thousands)	20,728	21,043	20,820	21,140
Diluted (in thousands)	20,997	21,301	21,084	21,382

(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)**

	June 30, 2020	September 30, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 35.8	\$ 18.9
Accounts receivable:		
Trade, net of allowance	189.8	186.3
Retainage	38.4	29.2
Inventories	25.3	21.5
Costs and estimated earnings in excess of billings	25.8	29.9
Prepaid expenses and other current assets	11.1	10.6
Total current assets	<u>326.3</u>	<u>296.5</u>
Property and equipment, net	25.3	25.7
Goodwill	60.5	50.6
Intangible assets, net	42.2	26.6
Deferred tax assets	33.4	40.9
Operating right of use assets	32.6	—
Other non-current assets	5.1	4.9
Total assets	<u>\$ 525.3</u>	<u>\$ 445.3</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 166.6	\$ 152.9
Billings in excess of costs and estimated earnings	56.2	40.6
Total current liabilities	<u>222.8</u>	<u>193.5</u>
Long-term debt	0.3	0.3
Operating long-term lease liabilities	21.6	—
Other non-current liabilities	7.2	1.9
Total liabilities	<u>251.8</u>	<u>195.7</u>
Noncontrolling interest	2.8	3.3
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock	—	—
Common stock	0.2	0.2
Treasury stock, at cost	(16.2)	(12.5)
Additional paid-in capital	194.0	192.9
Retained earnings	92.6	65.6
Total stockholders' equity	<u>270.7</u>	<u>246.2</u>
Total liabilities and stockholders' equity	<u>\$ 525.3</u>	<u>\$ 445.3</u>

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

	Nine Months Ended June 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 27.1	\$ 23.5
Adjustments to reconcile to net cash provided by operating activities:		
Bad debt expense	1.7	0.2
Deferred financing cost amortization	0.3	0.2
Depreciation and amortization	8.8	7.2
Loss on sale of assets	—	0.1
Non-cash compensation expense	2.8	1.5
Deferred income taxes	5.0	3.0
Changes in operating assets and liabilities:		
Accounts receivable	(2.0)	(25.2)
Inventories	(3.3)	(3.5)
Costs and estimated earnings in excess of billings	4.6	(3.4)
Prepaid expenses and other current assets	(8.8)	(3.6)
Other non-current assets	0.5	(0.9)
Accounts payable and accrued expenses	0.2	20.1
Billings in excess of costs and estimated earnings	14.4	2.0
Other non-current liabilities	4.3	(1.1)
Net cash provided by operating activities	<u>55.6</u>	<u>20.3</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(3.7)	(5.2)
Proceeds from sale of assets	0.1	0.1
Cash paid in conjunction with business combinations	(29.0)	—
Net cash used in investing activities	<u>(32.6)</u>	<u>(5.1)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings of debt	592.6	22.5
Repayments of debt	(592.6)	(42.3)
Cash paid for finance leases	(0.1)	—
Distribution to noncontrolling interest	(0.6)	(0.1)
Purchase of treasury stock	(5.4)	(8.3)
Net cash used in financing activities	<u>(6.1)</u>	<u>(28.3)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16.9	(13.1)
CASH, CASH EQUIVALENTS and RESTRICTED CASH, beginning of period	18.9	26.2
CASH, CASH EQUIVALENTS and RESTRICTED CASH, end of period	<u>\$ 35.8</u>	<u>\$ 13.1</u>

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

	<u>Three Months Ended June 30,</u>		<u>Nine Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>				
Commercial & Industrial	\$ 56.8	\$ 75.4	\$ 190.5	\$ 227.9
Communications	96.5	90.4	276.8	230.2
Infrastructure Solutions	31.9	36.1	92.5	100.0
Residential	107.9	80.7	300.7	225.2
Total revenue	<u>\$ 293.1</u>	<u>\$ 282.6</u>	<u>\$ 860.4</u>	<u>\$ 783.4</u>
<b>Operating income (loss)</b>				
Commercial & Industrial	\$ (4.2)	\$ (0.6)	\$ (8.9)	2.8
Communications	9.4	7.0	23.6	16.3
Infrastructure Solutions	3.8	3.7	9.4	7.9
Residential	8.9	4.6	22.5	12.3
Corporate	(3.9)	(4.4)	(11.0)	(11.3)
Total operating income	<u>\$ 14.1</u>	<u>\$ 10.2</u>	<u>\$ 35.7</u>	<u>\$ 27.9</u>

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Net income attributable to IES Holdings, Inc.	\$ 12.3	\$ 11.0	\$ 27.0	\$ 23.3
Provision for (benefit from) income taxes	1.7	(1.2)	7.6	3.0
Interest & other expense, net	—	0.4	1.0	1.4
Depreciation and amortization	3.2	2.4	8.8	7.2
EBITDA	<u>\$ 17.2</u>	<u>\$ 12.5</u>	<u>\$ 44.4</u>	<u>\$ 35.0</u>
Non-cash equity compensation expense	1.2	0.8	2.8	1.5
Severance expense	—	—	—	0.8
Adjusted EBITDA	<u>\$ 18.4</u>	<u>\$ 13.3</u>	<u>\$ 47.2</u>	<u>\$ 37.3</u>

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

	June 30, 2020	March 31, 2020	June 30, 2019
Remaining performance obligations	<u>\$ 523</u>	<u>\$ 469</u>	<u>\$ 487</u>
Agreements without an enforceable obligation (1)	74	118	59
Backlog	<u>\$ 597</u>	<u>\$ 587</u>	<u>\$ 546</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.



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IES Holdings, Inc.  
Third Quarter 2020 Update

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August 7, 2020



# Disclosures

## Forward-Looking Statements

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 impact of the COVID-19 outbreak or future epidemics on our business, including the potential for job site closures or work stoppages, supply chain disruptions, construction delays, reduced demand for our services, or our ability to collect from our customers; 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.

## 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 June 30, 2020, to be filed with the Securities and Exchange Commission ("SEC") by August 7, 2020, 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.

## Third Quarter 2020 Highlights

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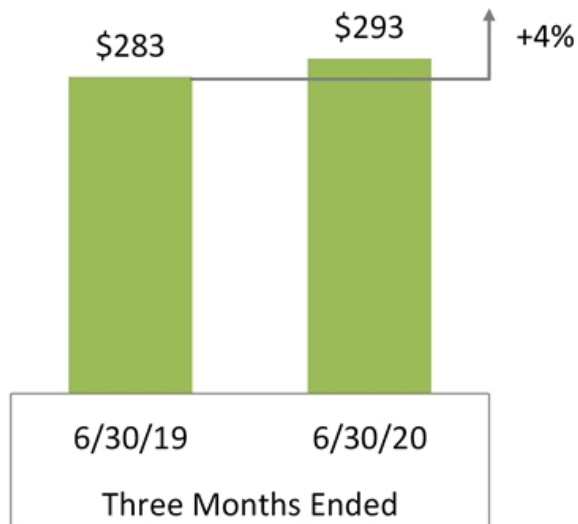
- ◆ Revenue of \$293 million, an increase of 4% year-over-year (“y-o-y”)
- ◆ Operating Income of \$14 million, an increase of 37% y-o-y
- ◆ Net Income Per Share of \$0.58 and Adjusted Net Income Per Share\* of \$0.61
- ◆ Remaining Performance Obligations, a GAAP measure of future revenue to be recognized from current contracts with customers, of \$523 million
- ◆ Record Backlog\* of \$597 million
- ◆ Repaid remaining debt borrowings from the acquisition of Aerial Lighting & Electric and Plant Power & Control Systems of \$29 million
- ◆ Ended the quarter with \$36 million of cash and no outstanding borrowings on our revolving credit facility



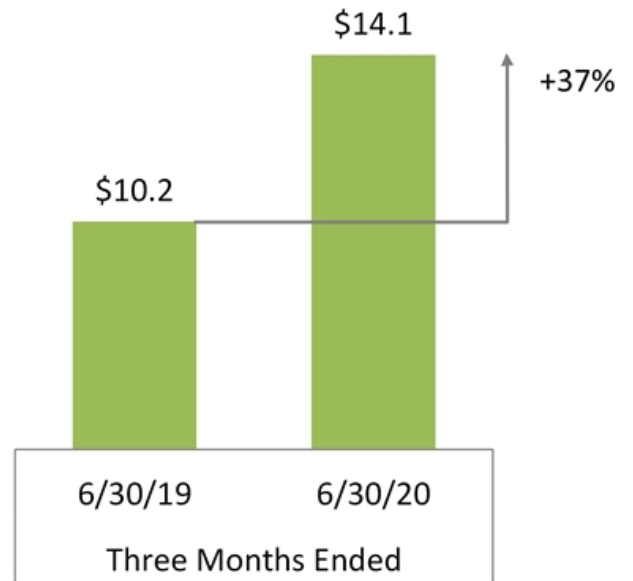
\* Non-GAAP financial measure; see reconciliation table

## 3Q20 Revenue and Operating Income

### REVENUE

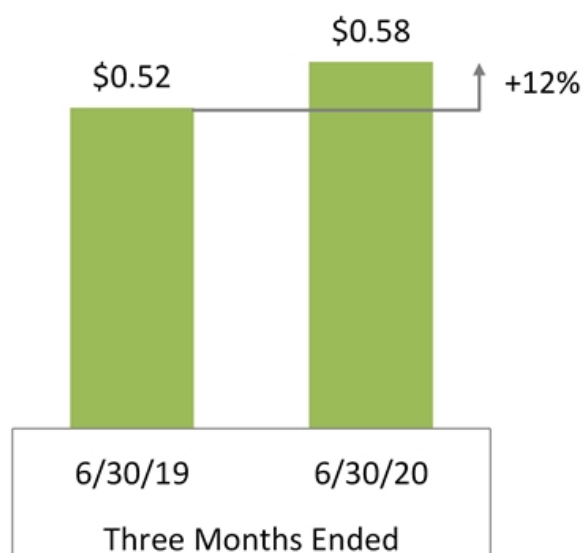


### OPERATING INCOME

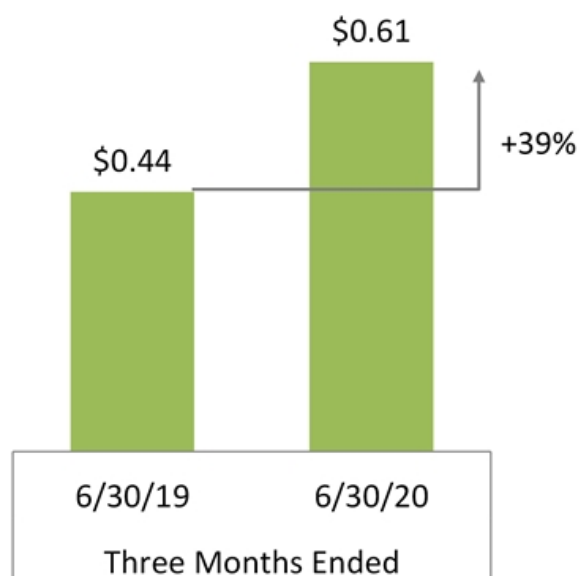


## 3Q20 Net Income Per Share and Adjusted Net Income Per Share\*

### NET INCOME PER SHARE



### ADJUSTED NET INCOME PER SHARE\*



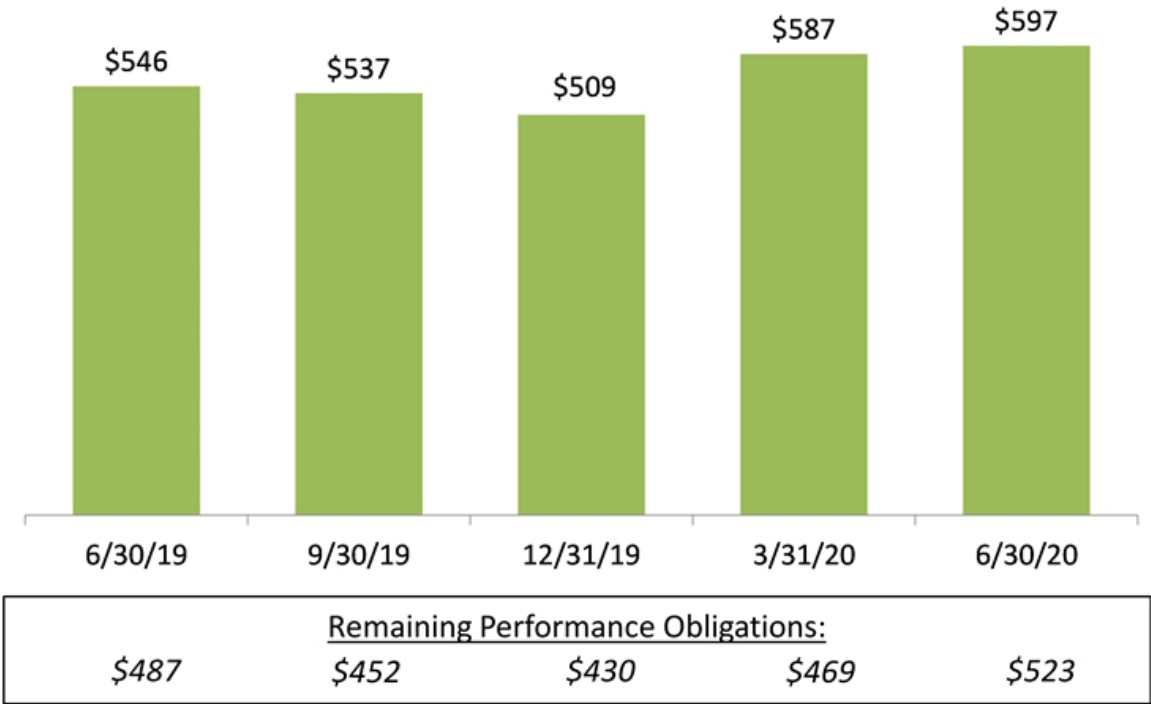
\* Non-GAAP financial measure; see reconciliation table

## 3Q20 Segment Results

	Third Quarter	Nine Months Year-to-Date
Communications	<ul style="list-style-type: none"><li>◆ Revenue: \$96.5 million (7% increase from 3Q19)</li><li>◆ Operating Income: \$9.4 million (+34%)</li></ul>	<ul style="list-style-type: none"><li>◆ Revenue: \$276.8 million (20% increase from YTD19)</li><li>◆ Operating Income: \$23.6 million (+45%)</li></ul>
Residential	<ul style="list-style-type: none"><li>◆ Revenue: \$107.9 million (+34%)</li><li>◆ Operating Income: \$8.9 million (+97%)</li></ul>	<ul style="list-style-type: none"><li>◆ Revenue: \$300.7 million (+33%)</li><li>◆ Operating Income: \$22.5 million (+83%)</li></ul>
Infrastructure Solutions	<ul style="list-style-type: none"><li>◆ Revenue: \$31.9 million (-12%)</li><li>◆ Operating Income: \$3.8 million (+4%)</li></ul>	<ul style="list-style-type: none"><li>◆ Revenue: \$92.5 million (-8%)</li><li>◆ Operating Income: \$9.4 million (+19%)</li></ul>
Commercial & Industrial	<ul style="list-style-type: none"><li>◆ Revenue: \$56.8 million (-25%)</li><li>◆ Operating Loss: \$4.2 million</li></ul>	<ul style="list-style-type: none"><li>◆ Revenue: \$190.5 million (-16%)</li><li>◆ Operating Loss: \$8.9 million</li></ul>

# Strong Backlog\*

Backlog (\$ in millions)



\* Non-GAAP financial measure; see reconciliation table

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# APPENDIX





# Income Statement

(in millions, except earnings per share)	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2019	2020	2019	2020
Revenue	\$282.6	\$293.1	\$783.4	\$860.4
Operating income	10.2	14.1	\$27.9	\$35.7
Interest expense & other	0.4	–	\$1.4	\$1.0
Income from operations before income taxes	\$9.8	\$14.1	\$26.5	\$34.7
Provision for (benefit from) income taxes	(1.2)	1.7	\$3.0	\$7.6
Net income attributable to noncontrolling interest	(0.1)	(0.1)	(\$0.1)	(\$0.1)
Comprehensive income attributable to IES Holdings, Inc.	\$11.0	\$12.3	\$23.3	\$27.0
<i>Adjusted net income attributable to IES Holdings, Inc.<sup>(1)</sup></i>	\$9.3	\$12.8	\$25.9	\$32.1
Earnings (loss) per share attributable to IES Holdings, Inc.	\$0.52	\$0.58	\$1.09	\$1.26
<i>Adjusted earnings per share attributable to IES Holdings, Inc.<sup>(1)</sup></i>	\$0.44	\$0.61	\$1.21	\$1.52
Diluted shares used to calculate earnings per share	21.3	21.0	21.4	21.1

<sup>(1)</sup> 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

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(in millions)	6/30/19	9/30/19	6/30/20
Cash	\$13.1	\$18.9	\$35.8
Current Assets	271.9	277.5	290.5
Deferred Tax Assets	43.4	40.9	33.4
Non-Current Assets	109.9	107.9	165.6
Total Assets	\$438.4	\$445.3	\$525.3
Current Liabilities	\$186.3	\$193.5	\$222.8
Other Liabilities	1.9	1.9	28.8
Debt	9.9	0.3	0.3
Total Liabilities	\$198.1	\$195.7	\$251.8
Noncontrolling interest	3.2	3.3	2.8
Equity	237.0	246.2	270.7
Total Liabilities & Equity	\$438.4	\$445.3	\$525.3

## Segment Results

(in millions)	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2019	2020	2019	2020
<b>Revenue</b>				
Commercial & Industrial	\$75.4	\$56.8	\$227.9	\$190.5
Communications	90.4	96.5	230.2	276.8
Infrastructure Solutions	36.1	31.9	100.0	92.5
Residential	80.7	107.9	225.2	300.7
<b>Total Revenue</b>	<b>\$282.6</b>	<b>\$293.1</b>	<b>\$783.4</b>	<b>\$860.4</b>
<b>Operating Income</b>				
Commercial & Industrial	(\$0.6)	(\$4.2)	\$2.8	(\$8.9)
Communications	7.0	9.4	16.3	23.6
Infrastructure Solutions	3.7	3.8	7.9	9.4
Residential	4.6	8.9	12.3	22.5
Corporate	(4.4)	(3.9)	(11.3)	(11.0)
<b>Total Operating Income</b>	<b>\$10.2</b>	<b>\$14.1</b>	<b>\$27.9</b>	<b>\$35.7</b>

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

(in millions, except earnings per share)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2019	2020	2019	2020
Comprehensive income attributable to IES Holdings, Inc.	\$11.0	\$12.3	\$23.3	\$27.0
Provision for income taxes	(1.2)	1.7	3.0	7.6
Adjusted net income before taxes	\$9.8	\$14.0	\$26.4	\$34.6
Current tax expense <sup>(1)</sup>	(0.5)	(1.2)	(1.3)	(2.5)
Severance expense	–	–	0.8	0.0
Adjusted net income attributable to IES Holdings, Inc. <sup>(2)</sup>	\$9.3	\$12.8	\$25.9	\$32.1
Adjusted earnings per share attributable to IES Holdings, Inc. <sup>(2)</sup>	\$0.44	\$0.61	\$1.21	\$1.52
Diluted shares used to calculate adjusted earnings per share	21.3	21.0	21.4	21.1

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

<sup>(2)</sup> 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 June 30,		Nine Months Ended June 30,	
	2019	2020	2019	2020
	Comprehensive income attributable to IES Holdings, Inc.	\$11.0	\$12.3	\$23.3
Provision for income taxes	(1.2)	1.7	3.0	7.6
Interest & other expense, net	0.4	-	1.4	1.0
Depreciation and amortization	2.4	3.2	7.2	8.8
EBITDA	\$12.5	\$17.2	\$35.0	\$44.4
Non-cash equity compensation expense	0.8	1.2	1.5	2.8
Severance expense	-	-	0.8	-
Adjusted EBITDA	\$13.3	\$18.4	\$37.3	\$47.2

# Non-GAAP Reconciliation Of Remaining Performance Obligations To Backlog

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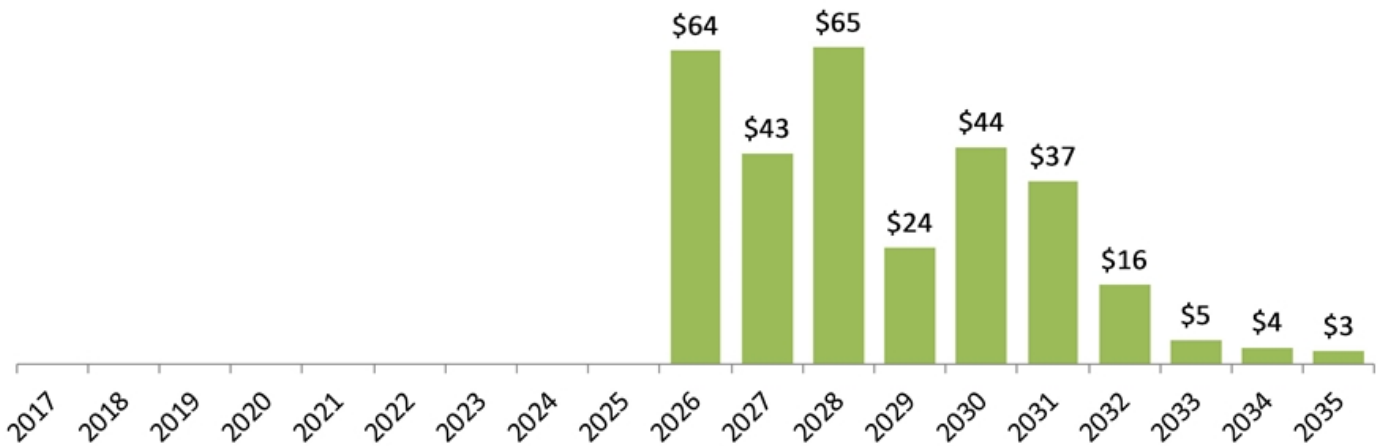
(in millions)	<u>June 30, 2020</u>	<u>March 31, 2020</u>	<u>June 30, 2019</u>
Remaining performance obligations	\$523	\$469	\$487
Agreements without an enforceable obligation <sup>(1)</sup>	<u>74</u>	<u>118</u>	<u>59</u>
Backlog	\$597	\$587	\$546

<sup>(1)</sup> 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