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# **IES Holdings, Inc.**

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## Investor Presentation

February 1, 2017



# 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 IES Holdings, Inc. (the "Company" or "IES") 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; the potential recognition of valuation allowances on net 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; 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 and in the Company's annual report on Form 10-K for the year ended September 30, 2016 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 attributable to IES and, in the non-GAAP reconciliation table included herein, adjusted net income before taxes, both of which are financial measures 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 distinguishing certain noncash events such as our valuation allowances release and certain acquisition and disposition related items, and that, these measures, when reconciled to net income attributable to IES, which is the most directly comparable GAAP measure, 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. A reconciliation of these non-GAAP financial measures to GAAP results has been provided in the financial tables included in this document.

General information about IES Holdings, Inc. can be found at <http://www.ies-co.com> under "Investors." For further details on the Company's financial results, please refer to the Company's annual report on Form 10-K for the fiscal year ended September 30, 2016, any amendments thereto, and the Company's other reports on file with the SEC. 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. (NASDAQ: IESC)

**4**  
Segments

**4,000+**  
Employees

**77**  
Locations

**\$65m+**  
Liquidity\*

Revenue: \$696 million  
Operating Income: \$25 million  
Cash: \$33 million  
NOLs\*\*: \$404 million  
Headquarters: Houston, TX



\* Liquidity is defined as cash and cash equivalents plus availability under revolving credit facility

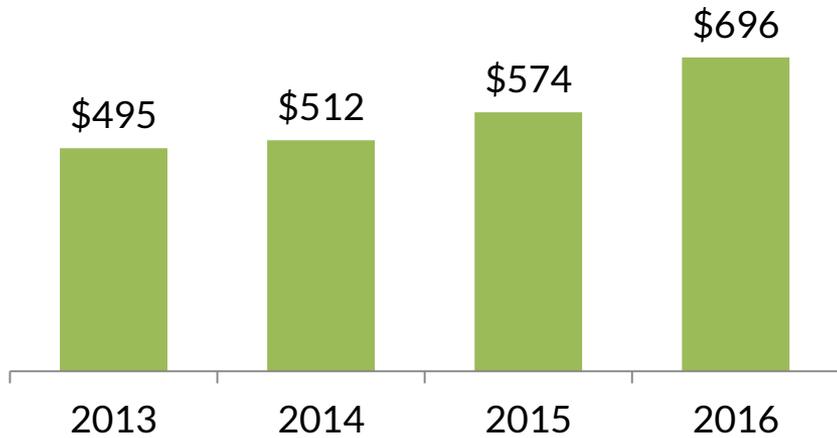
\*\* The Company estimates that it has available Net Operating Loss Carryforwards (NOLs) for U.S. federal income tax purposes of approximately \$404 million at September 30, 2016, including approximately \$142 million resulting from the additional amortization of personal goodwill

Note: All information is provided as of September 30, 2016, unless otherwise noted

# Financial Summary

Financial measures presented here are in millions, except for earnings per share or as otherwise noted, and reported for fiscal years

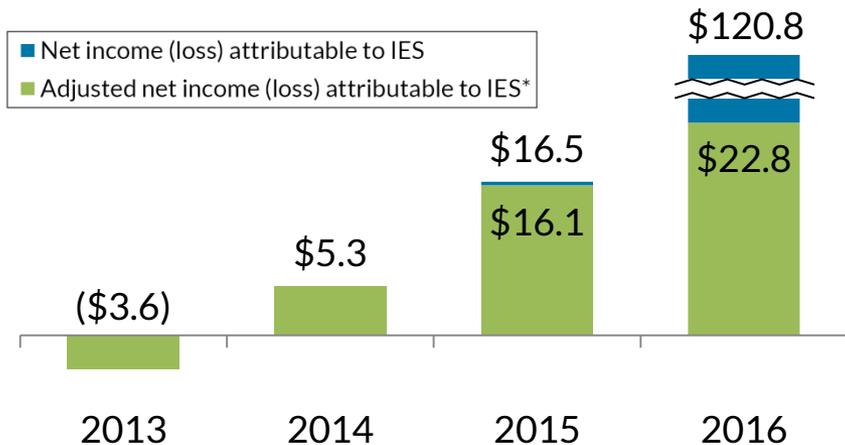
## REVENUE



## OPERATING INCOME



## NET INCOME ATTRIBUTABLE TO IES

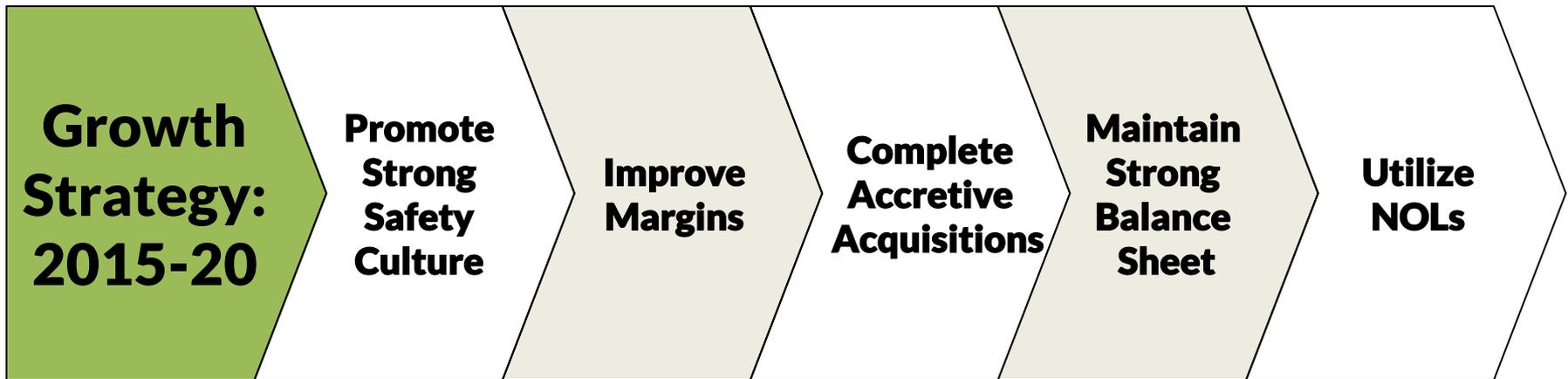


## BACKLOG

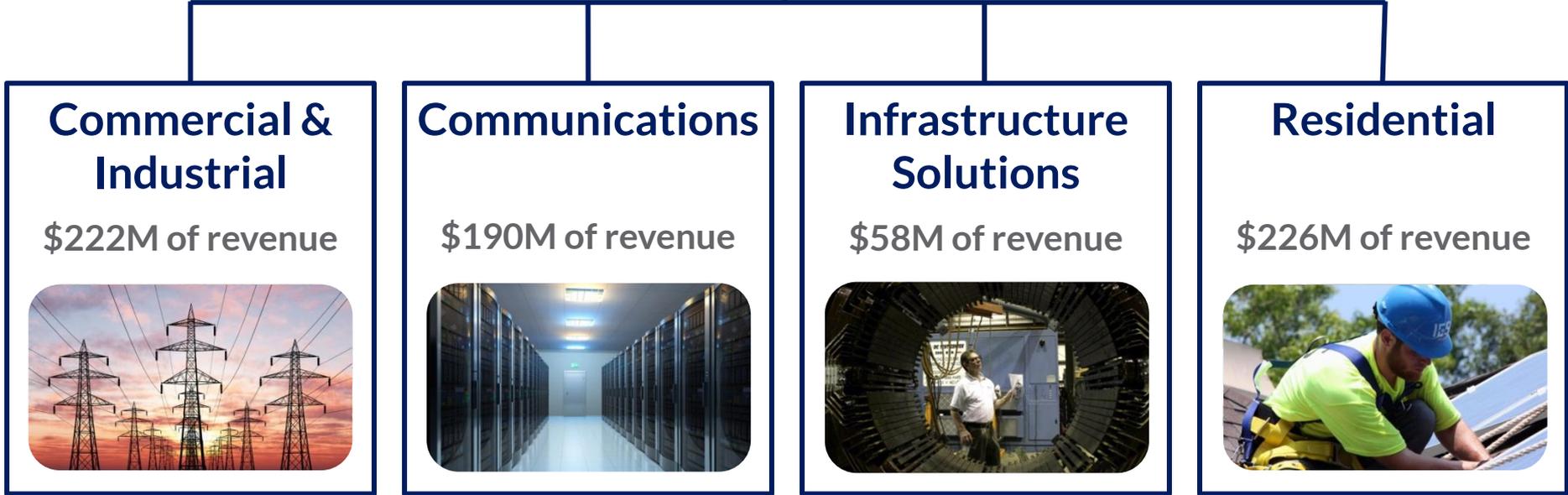


# Holding Company Growth Strategy

- ◆ Focus segment growth and investments in core markets where we have expertise
- ◆ Manage risk through prudent project selection and market diversification
- ◆ Acquire or invest in stand-alone platform companies or acquire businesses that strategically fit within our existing business segments



# Four Operating Segments



**Commercial & Industrial**

\$222M of revenue



**Communications**

\$190M of revenue



**Infrastructure Solutions**

\$58M of revenue



**Residential**

\$226M of revenue



# Commercial & Industrial

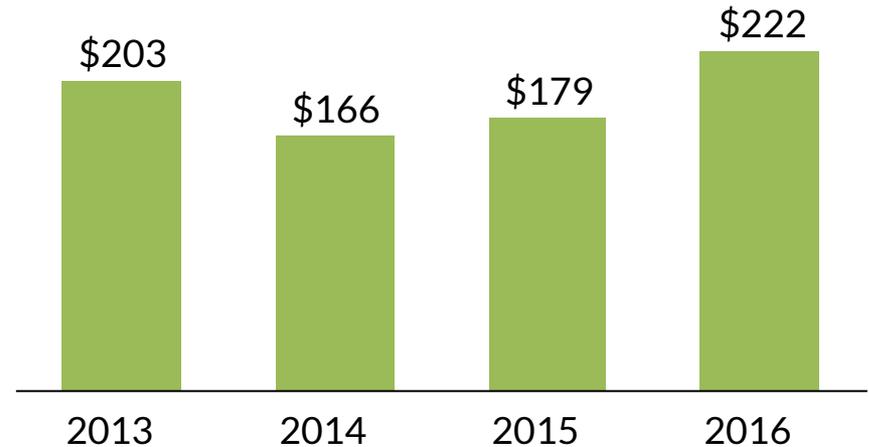
## BUSINESS OVERVIEW

- Provider of electrical and mechanical (HVAC) design, construction, and maintenance services to the commercial and industrial markets
- Operate in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market

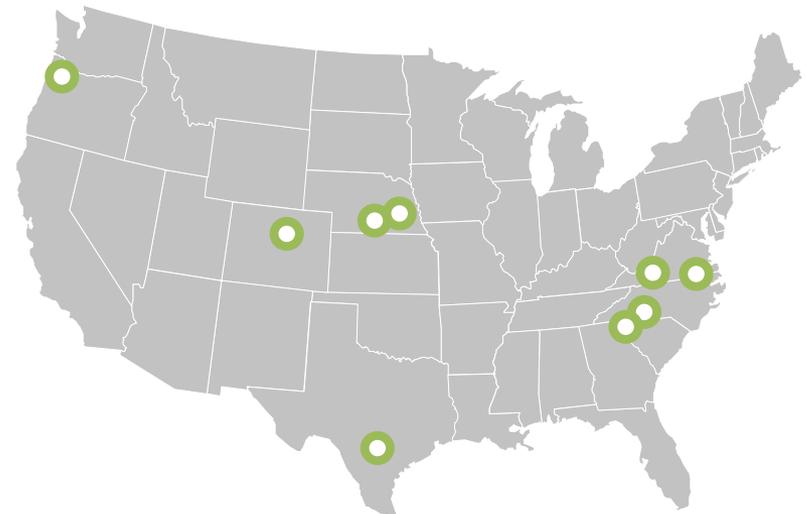
## REPRESENTATIVE MARKETS

- Biological Research Facilities
- Chemical and Refining
- Data Centers
- Education
- Healthcare Facilities
- HVAC Services
- Manufacturing Facilities
- Municipal Infrastructure
- Office Buildings
- Wind Farms / Solar

## REVENUE



## GEOGRAPHIC COVERAGE



# Commercial & Industrial: Each Market Drives Our Approach

Regional Locations	Service			Markets		
	Electrical Contracting	Mechanical Contracting	Mechanical Services	Regional	National	
Charlotte, NC			✓	✓		Acquired in 2016
Denver, CO	✓			✓		
Greenville, SC	✓				✓	
Holdrege, NE	✓			✓	✓	
Lincoln, NE	✓	✓	✓	✓		Acquired in 2015
Portland, OR	✓			✓		
Roanoke, VA	✓	✓		✓		
San Antonio, TX	✓			✓		
Suffolk, VA	✓			✓		

# Communications

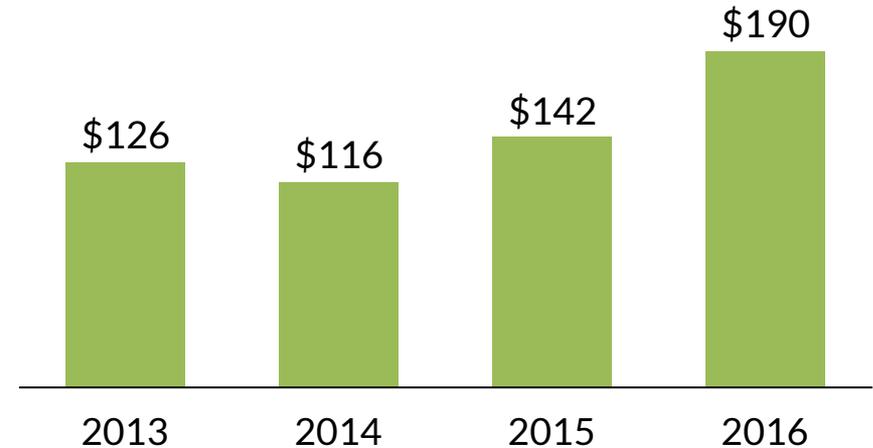
## BUSINESS OVERVIEW

- Nationwide provider of technology infrastructure services
- Network infrastructure services for data centers and other mission critical environments
- Services include structured cabling, audio/visual, VOIP, DAS/WI-FI, fire, wireless access and intrusion alarm systems

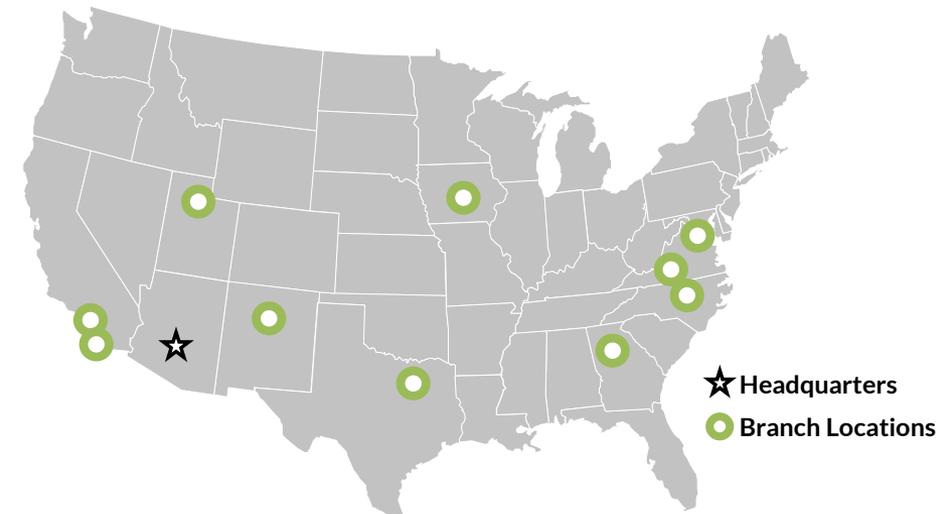
## REPRESENTATIVE MARKETS

- Data Centers
- Distribution
- Education
- Financial
- Healthcare Facilities
- High-Tech Manufacturing
- Hospitality
- Information Technology
- Office Buildings

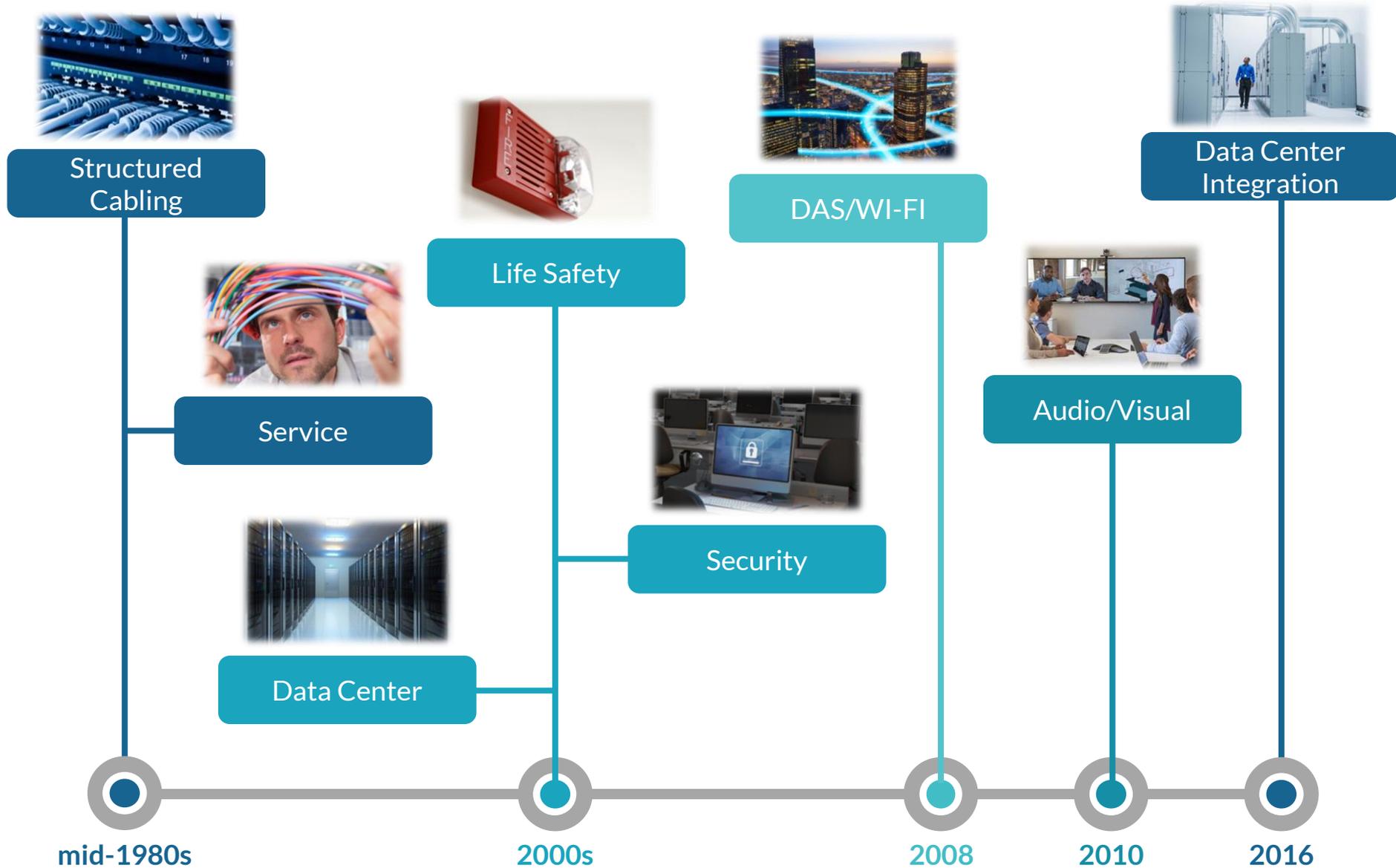
## REVENUE



## GEOGRAPHIC COVERAGE



# Communications: Evolution of Service Offering



# Infrastructure Solutions

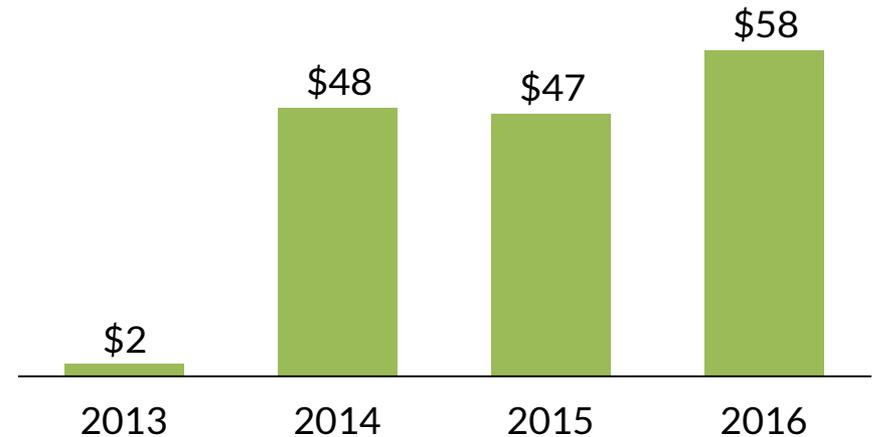
## BUSINESS OVERVIEW

- Provider of electro-mechanical solutions for industrial operations
- Developing platform to capture customer spend from power source (i.e. bus duct) to power usage (i.e. motor maintenance and magnets)

## REPRESENTATIVE MARKETS

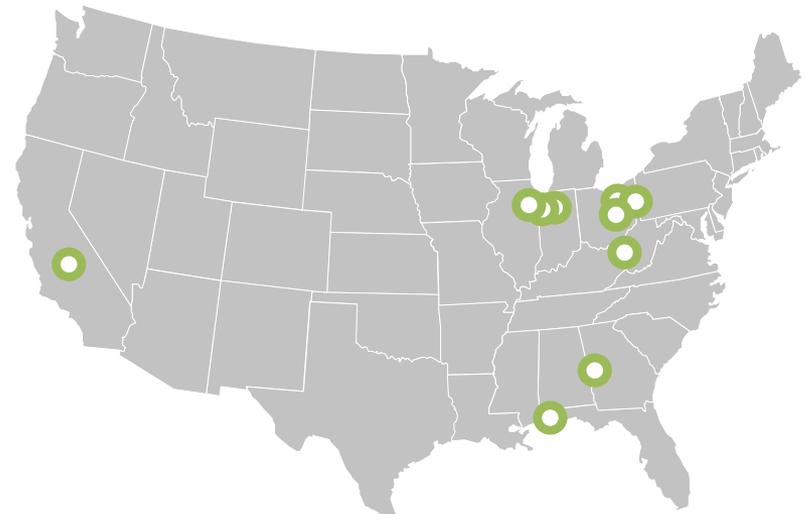
- Manufacturing
- Marine
- Mining
- Petrochemical
- Power Generation
- Pulp and Paper
- Railroad
- Scrap Yards
- Steel
- Utilities
- Wind Energy

## REVENUE



Note: Segment was created in September 2013 with the acquisition of MISCOR Group, Ltd.

## GEOGRAPHIC COVERAGE



# Infrastructure Solutions: Industrial & Electro-Mechanical Services

	Brands of Infrastructure Solutions:			
	Magnetech*	Southern Rewinding	Calumet	Technibus
	Date Acquired: 2013	2015	2015	2016
Services and Products Offered	Advanced Systems Fabrication			✓
	Bus Duct Manufacturing			✓
	Field Services	✓	✓	✓
	Magnet Manufacturing & Repair	✓		
	Motor Repair & Rewind	✓	✓	✓
	Switchgear Services	✓		
	Transformer Reconditioning	✓		
	Transit Motor Manufacturing & Repair	✓		✓

\* Magnetech was acquired with the acquisition of MISCOR Group, Ltd. in September 2013

# Infrastructure Solutions: From Power Source to Power Usage



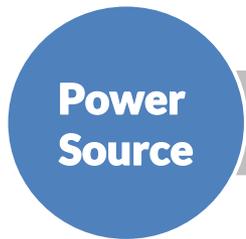
**Bus Duct**

Acquired 2016



**Motor Repair and Rewind / Magnet**

Acquired 2013



**Transit**

Acquired 2015



**Switchgear / Breakers / Transformers**

Acquired 2013



# Residential

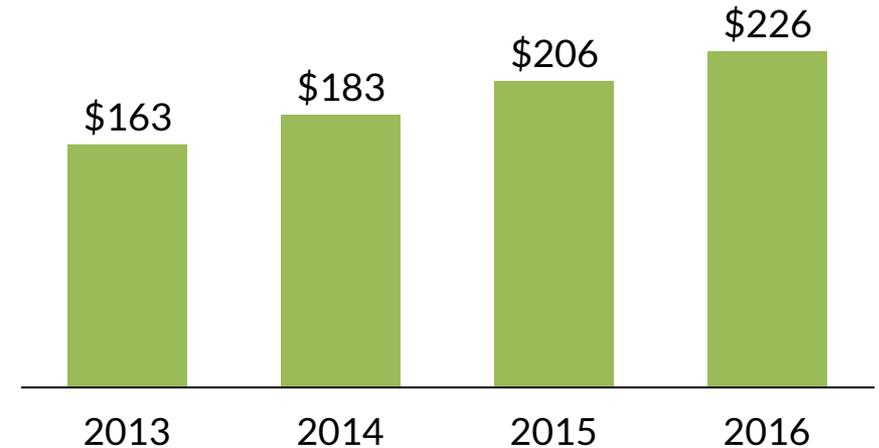
## BUSINESS OVERVIEW

- Regional provider of electrical installation services for single-family (SF) housing and multi-family (MF) apartment complexes
- Cable television and solar panel installation

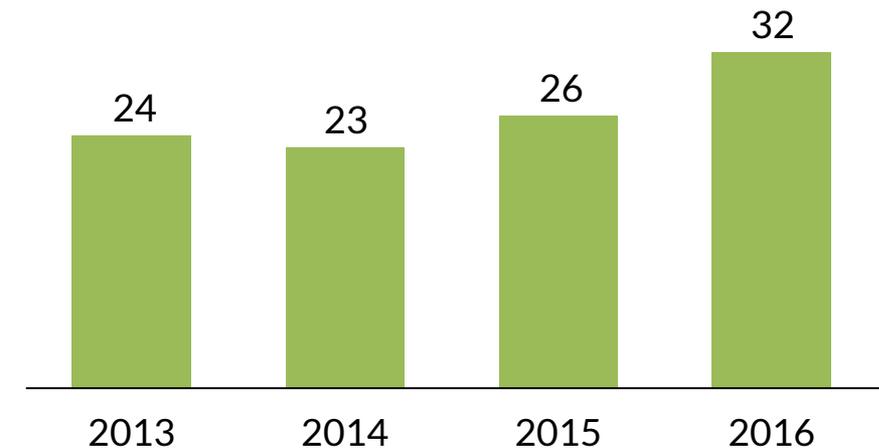
## REPRESENTATIVE MARKETS

- Single Family Homes
- Multi-Family Homes
- Residential Solar Installation
- Cable Installation and Service
- Regional and National Builders

## REVENUE



## BRANCHES





# Overview of Recent Acquisitions

Company	Closed Date	Business Description	Acquisition Fit	IES Segment	
 <b>Technibus, Inc.</b>	June 2016	Manufactures Isolated Phase, Non-Segregated, and Segregated Bus Duct  (Canton, OH)	<ul style="list-style-type: none"> <li>◆ Expand Infrastructure Solutions business into power industry and field services</li> <li>◆ Highly engineered, custom products</li> </ul>	Infrastructure Solutions	
 <b>STR Mechanical</b>	April 2016	Mechanical (HVAC) services  (Charlotte, NC)	<ul style="list-style-type: none"> <li>◆ Service focus</li> <li>◆ Industry veteran</li> </ul>	Commercial & Industrial	
 <b>Shanahan Mechanical &amp; Electric</b>	November 2015	Mechanical (HVAC) and electrical contractor  (Lincoln, NE)	<ul style="list-style-type: none"> <li>◆ Mechanical contracting expertise</li> <li>◆ Foothold in Lincoln, NE</li> <li>◆ Stable customer base</li> </ul>	Commercial & Industrial	
 <b>Calumet Armature</b>	October 2015	Manufacturer of transit armatures; Motor repair services  (Riverdale, IL)	<ul style="list-style-type: none"> <li>◆ Loyal customer base</li> <li>◆ Transit industry expertise</li> </ul>	Infrastructure Solutions	
 <b>Southern Rewinding</b> <small>A Magnetech Company</small>	May 2015	Motor repair and services  (Columbus, GA)	<ul style="list-style-type: none"> <li>◆ Diverse customer base</li> <li>◆ Strategically located</li> </ul>	Infrastructure Solutions	

# FINANCIAL SUMMARY



# Income Statement

(in millions, except earnings per share)

	Fiscal Year Ending September 30,			
	2013	2014	2015	2016
Revenue	\$494.6	\$512.4	\$573.9	\$696.0
Income from operations	0.4	7.6	18.5	25.0
Interest expense & other	2.3	1.4	1.0	1.2
Income from operations before income taxes	(\$1.9)	\$6.3	\$17.5	\$23.8
Provision (benefit) for income taxes	0.3	0.7	0.7	(97.1)
Loss from discontinued operations	(1.4)	(0.2)	(0.3)	-
Net income attributable to noncontrolling interest	-	-	-	(0.1)
Net income (loss) attributable to IES Holdings, Inc.	(\$3.6)	\$5.3	\$16.5	\$120.8
<i>Adjusted net income (loss) attributable to IES Holdings, Inc.</i> <sup>(1)</sup>	(\$3.6)	\$5.3	\$16.1	\$22.8
Earnings per share attributable to IES				
Holdings, Inc. - continuing operations	(\$0.14)	\$0.30	\$0.79	\$5.62
Diluted shares used to calculate earnings per share	15.5	18.5	21.5	21.5

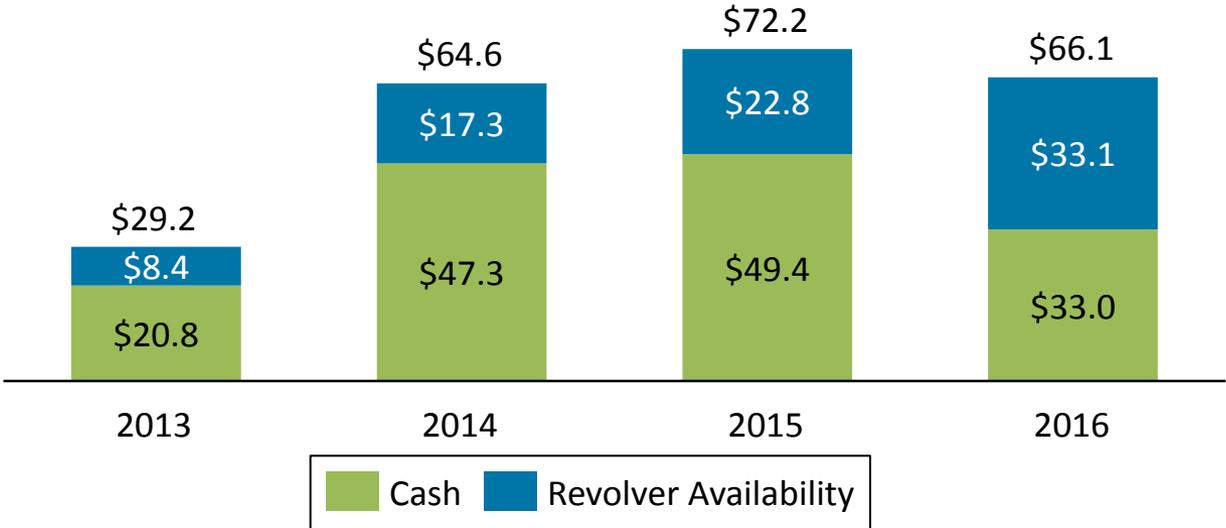
<sup>(1)</sup> See reconciliation table of non-GAAP adjusted net income attributable to IES Holdings, Inc.

# Select Balance Sheet Data

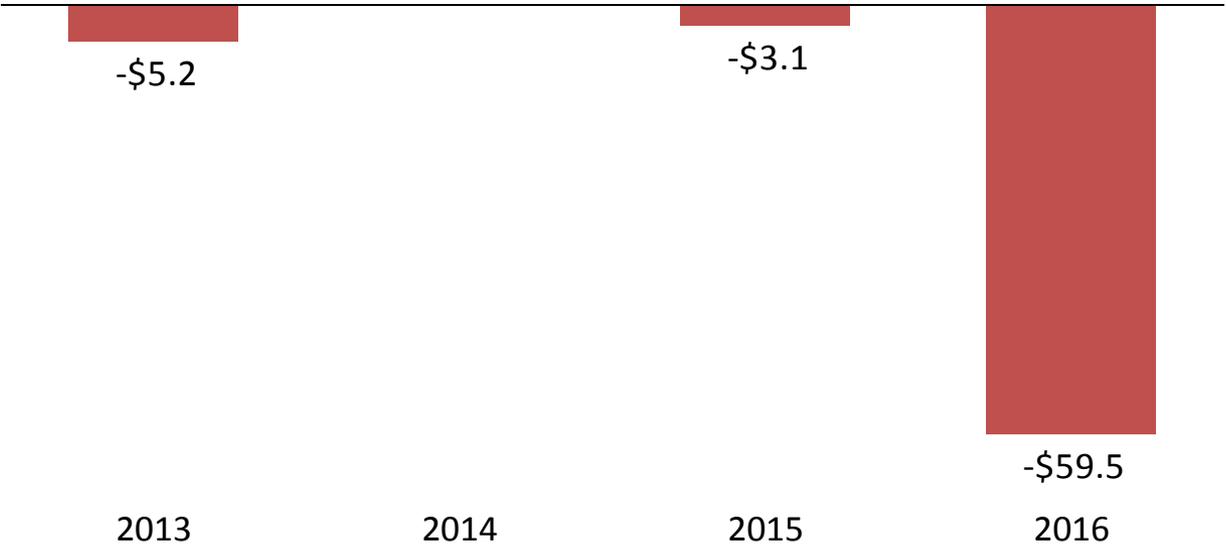
(in millions)	Fiscal Year Ending September 30,			
	2013	2014	2015	2016
Cash	\$20.8	\$47.3	\$49.4	\$33.2
Current Assets	123.3	120.6	139.7	176.5
Deferred Tax Assets	-	-	-	93.5
Non-Current Assets	33.8	32.0	36.6	91.1
Total Assets	\$177.8	\$200.0	\$225.7	\$394.3
Current Liabilities	\$95.0	\$95.9	\$108.1	\$133.1
Other Liabilities	8.0	7.0	7.0	6.8
Debt	12.3	9.1	9.2	29.3
Total Liabilities	\$115.3	\$112.0	\$124.3	\$169.1
Noncontrolling interest	-	-	-	1.8
Equity	62.5	88.0	101.4	223.4
Total Liabilities & Equity	\$177.8	\$200.0	\$225.7	\$394.3

# Liquidity Remains Strong Even After Recent Acquisitions

Total Liquidity



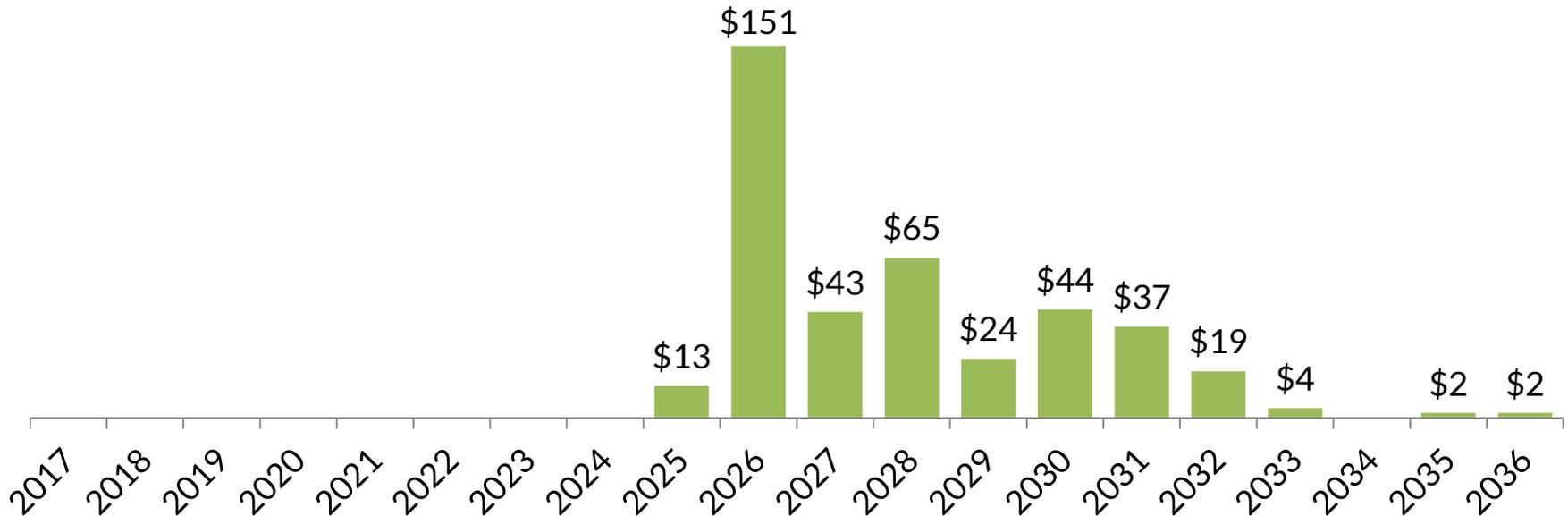
Cash Paid in Business Combinations



# NOL Summary

- ◆ Estimated net operating loss carry forwards (“NOLs”) of approximately \$404 million as of September 30, 2016, including \$142 million associated with amortization of personal goodwill
- ◆ 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

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

(in millions)

	Fiscal Year Ending September 30,			
	2013	2014	2015	2016
Net income (loss) attributable to IES Holdings, Inc.	(\$3.6)	\$5.3	\$16.5	\$120.8
Provision (benefit) for income taxes	0.3	0.7	0.7	(97.1)
Adjusted net income before taxes	(\$3.2)	\$6.1	\$17.2	\$23.7
Loss on sale of non-core assets	-	-	-	0.8
Current tax expense <sup>(1)</sup>	(0.4)	(0.7)	(1.1)	(1.7)
Adjusted net income attributable to IES Holdings, Inc.	(\$3.6)	\$5.3	\$16.1	\$22.8

<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