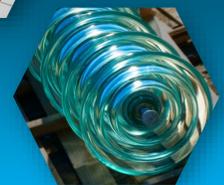




Centuri

# 2Q 2024 Earnings Presentation

July 29, 2024



THINK AHEAD »



CTRI  
LISTED  
NYSE

[Centuri.com](http://Centuri.com)

# Forward Looking Statements Disclaimer

Unless the context otherwise requires, in this presentation, references to “we,” “us,” and “our” are to Centuri Holdings, Inc. (NYSE: CTRI) (“Centuri” or the “Company”), together with its consolidated subsidiaries, which include, among others, Centuri Group, Inc.

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can often be identified by the use of words such as “will,” “predict,” “continue,” “forecast,” “expect,” “believe,” “anticipate,” “outlook,” “could,” “target,” “project,” “intend,” “plan,” “seek,” “estimate,” “should,” “may” and “assume,” as well as variations of such words and similar expressions referring to the future. The specific forward-looking statements made herein include (without limitation) statements regarding our confidence in our prospects to deliver value for our stockholders as an independent standalone company and our expectation to continue to build on our track record of delivering consistent growth by serving our customers across the utility value chain. A number of important factors affecting the business and financial results of Centuri could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, capital market risks and the impact of general economic or industry conditions. Factors that could cause actual results to differ also include (without limitation) those discussed in Centuri’s filings filed from time to time with the SEC. The statements in this presentation are made as of the date of this presentation, even if subsequently made available by Centuri on its website or otherwise. Centuri does not assume any obligation to update the forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise.

# Today's Speakers



**Bill Fehrman**  
*Outgoing President &  
Chief Executive Officer*



**Gregory Izenstark**  
*EVP,  
Chief Financial Officer*



**Paul Caudill**  
*Incoming Interim Chief  
Executive Officer*



# Successful Initial Public Offering



**CTRI**  
**LISTED**  
**NYSE**

**April 22, 2024**  
Completed IPO

**16.9 MM<sup>(1)</sup>**  
shares issued

**\$328 MM<sup>(2)</sup>**  
in funding  
*\* Proceeds used to de-lever*

Notes:

1. 14.3 million shares of common stock sold in IPO (including the underwriters' full exercise of their over-allotment options), plus the completed concurrent private placement of 2.6 million shares of common stock, totaling 16.9 million shares issued.
2. Total final net proceeds from capital raise transactions after deducting underwriting discounts and commissions and final offering expenses.

# Investment Highlights

## Who We Are

**A leading pure-play North American utility infrastructure services company offering recurring, turnkey solutions to maintain, upgrade and expand energy networks.**



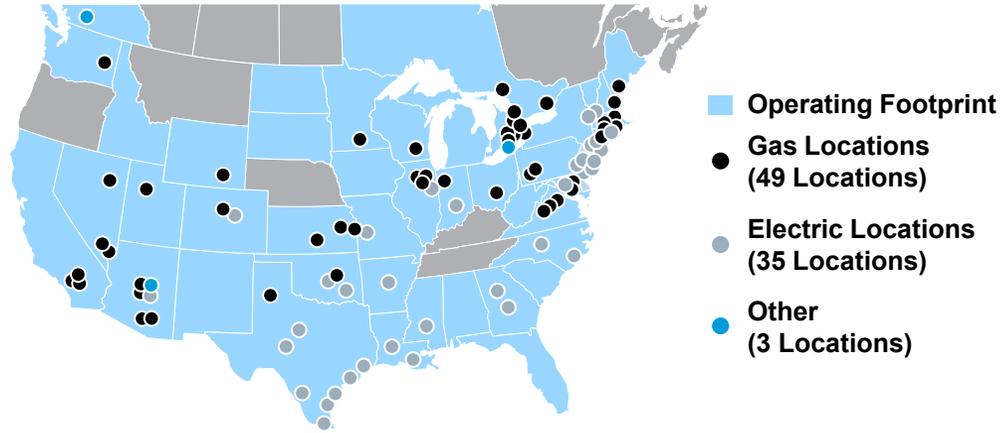
**Centuri**

## Compelling Investment Drivers

- » 110+ years of operating history and a track record of delivering world-class safety and quality performance
- » Scaled platform with extensive North American footprint translates to a leading market share
- » Multi-decade secular tailwinds underpin strong demand in utility capex growth, with leverage to renewables
- » Focus on small, lower-risk work orders through Master Service Agreements (MSAs) provides recurring revenue profile and visibility over time
- » Large, blue chip utility customer base that is diversified and well-tenured
- » Long-term track record of delivering consistent and resilient growth and multiple levers to drive continued expansion
- » Efficiency and expense (operating + capital) improvement program well underway

# Company Overview

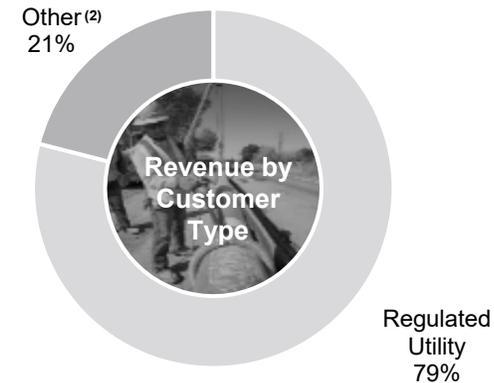
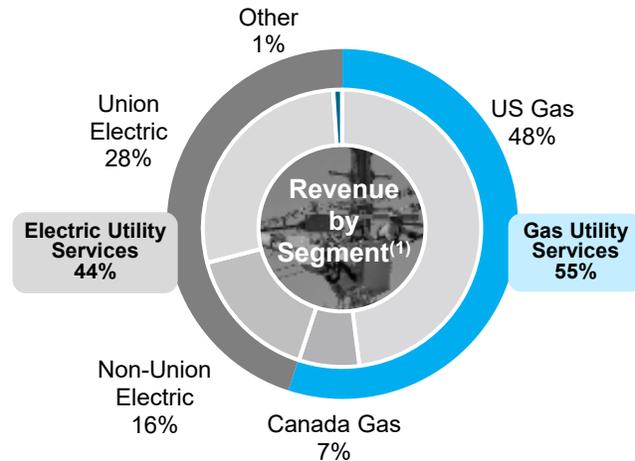
## Geographic Footprint



## Representative Utility Customers



## Business Mix <sup>(1)</sup>



**Notes:**

1. Based on trailing twelve months ended June 30, 2024

2. Includes clean energy providers, independent transmission companies, home builders, municipalities and industrial customers

# 2Q 2024 Results Overview

## Notable Drivers Impacting 2Q 2024

- » Master Service Agreement (MSA) revenues lower year over year, reflecting:
  - Customer regulatory challenges in certain jurisdictions
  - Extended utility customer caution toward capital allocation driven by interest rate environment impacting the industry
- » Bid volumes lower year over year, but in line with prior historical seasonal 2Q trend
  - ~\$50 million in natural gas bid work associated with one project in 2Q 2023 did not recur

**\$672**

**Revenue  
(MM)**

**10.2%**

**Adj. EBITDA  
Margin<sup>(1)</sup>**

**\$61**

**Gross Profit  
(MM)**

**\$20**

**Net Capex<sup>(2)</sup>  
MM**

*Notes:*

1. Adjusted EBITDA Margin calculated by dividing Adjusted EBITDA by revenue. This is a non-GAAP measure and as such, may not be comparable to a similarly titled measure of other companies. Please refer to the appendix to this presentation for the most comparable GAAP financial measure, and information reconciling the GAAP and non-GAAP financial measures.

2. Net Capex is defined as cash paid for capital expenditures net against any proceeds from the sale of property and equipment.

# Commercial & Business Momentum Remain Strong

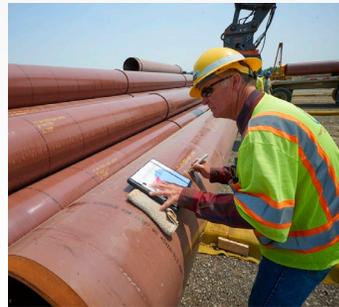
## Customer Growth

### Master Service Agreements (MSAs)

- Secured seven customer awards reflecting total multi-year estimated revenue potential of \$253.5M from new or extending MSAs

### Strategic Bid Awards

- 230kV Cardiff substation expansion for Atlantic Shores Project 1 – New Jersey’s first offshore wind project (\$105M)
- Phase 1 of multi-year Midwest gas modernization project, replacing 30 miles of 20-inch steel and support stations (\$35M)



## July’s Hurricane Beryl

- 650+ union and non-union employees deployed to assist a dozen major utility customers with storm restoration after a category 1 hurricane left an estimated 2.7 million people without power.
- \$21.7 million in July storm restoration revenue is estimated through July 21, 2024.

## Restoration Services YTD

Throughout the first half of 2024, Centuri crews responded to restore power to communities following heavy storms that swept throughout our operating territories.

**2,225**

Employees  
deployed

**\$45.6m**

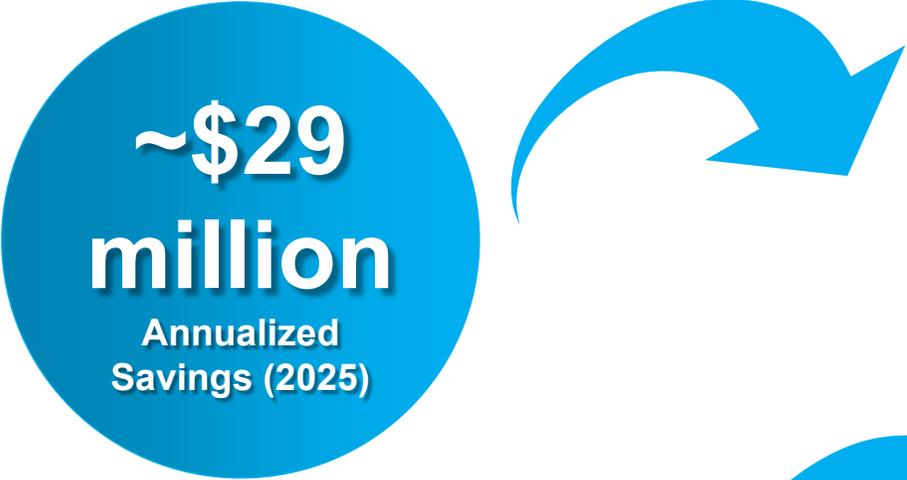
Revenue earned  
year-to-date through  
2Q 2024

**19**

States



# Cost Savings Initiatives Well Underway



**~\$29  
million**  
Annualized  
Savings (2025)

## Operating Cost Savings

- » Extensive 2-phase review of corporate and operating company overheads through CEO-led process:
  - » **Phase 1** | ~\$15 million in identified annualized savings from non-revenue generating corporate functions & activities
  - » **Phase 2** | ~\$14 million in identified annualized savings from overhead and local management structure following individual, in-depth, operating company business reviews



**~10%**  
Average Savings  
upon  
Renegotiation

## Supply Chain & Fleet Savings

- » Individual review of supply chain contracts, leveraging scale and depth of fleet and equipment to negotiate national-level discounted contracts
  - » 10 major supply chain contracts renegotiated, 5 more in progress
  - » 17% of the spend in the top 100 vendors has been contracted

# Leadership Transition, Unchanged Strategic Focus



**Paul Caudill**

*Incoming Interim Chief  
Executive Officer*

- Served several years as a Centuri Advisory Board member, and is a highly experienced former utility executive
- Served as an advisor to outgoing CEO Bill Fehrman since January 2024
- Worked hand in hand with Bill to drive the cost and efficiency savings program that is well underway
- Bill to remain on Board of Directors until a permanent CEO is selected
- Search firm has been engaged, Paul committed to the role for as long as needed
- Strategic focus and execution remains throughout transition
- Key leadership appointments made to support ongoing execution of priorities

# 2Q | 2023 vs. 2024

(\$MM, except per share amounts)	2Q 2024	2Q 2023
GAAP Metrics		
Revenue	\$ 672.1	\$ 805.8
Net Income Attributable to Common Stock	\$ 11.7	\$ 17.1
Diluted Earnings Per Share	\$ 0.14	\$ 0.24
Non-GAAP Metrics <sup>(1)</sup>		
Adjusted EBITDA	\$ 68.6	\$ 92.9
Adjusted Net Income	\$ 17.0	\$ 25.0
Adjusted Diluted Earnings Per Share	\$ 0.20	\$ 0.35

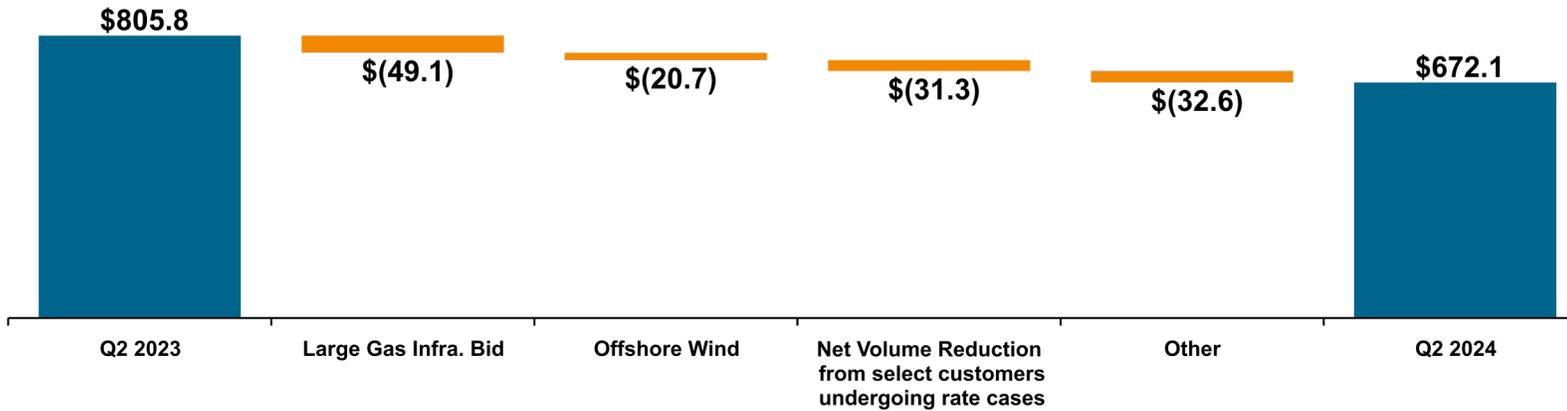
**Notes:**

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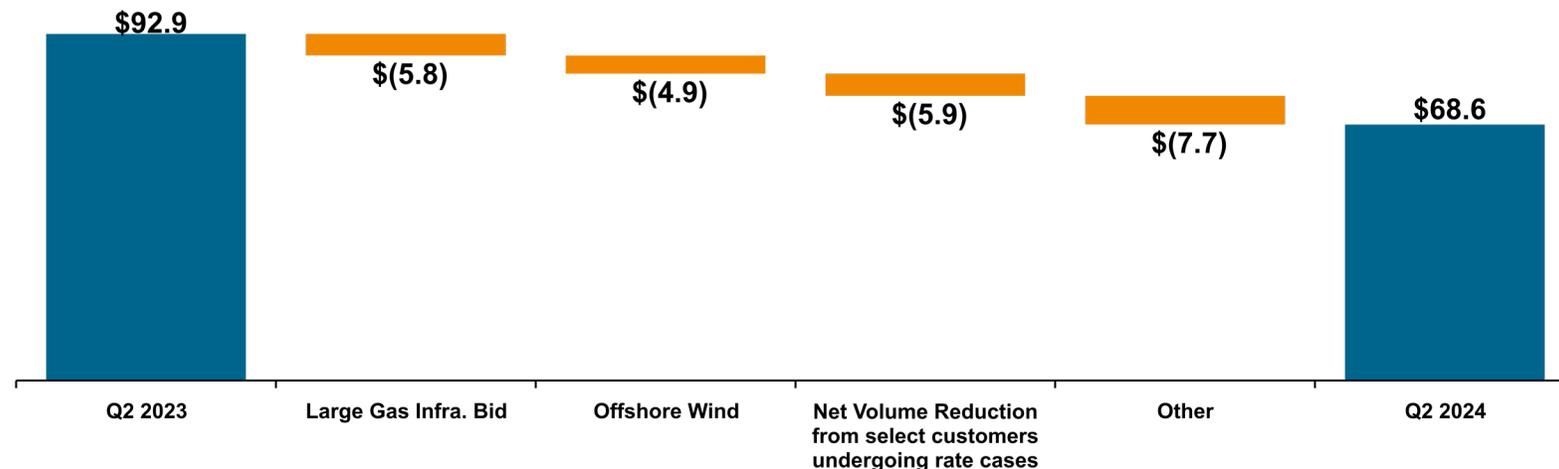


# 2Q | 2Q23 vs. 2Q24 Key Differences

## Revenue (\$ in millions)



## Adjusted EBITDA<sup>1</sup> (\$ in millions)



Notes:

(1) This is a non-GAAP measure and as such, may not be comparable to a similarly titled measure of other companies. Please refer to the appendix to this presentation for the most comparable GAAP financial measure, and information reconciling the GAAP and non-GAAP financial measures.

### Year-over-year drivers include:

- ↑ favorable impact
- ↓ unfavorable impact

#### ↓ Revenues

- ~\$134 million - Total decrease
  - \$49 million - Decreased revenues due to a large bid project in the prior year that did not recur
  - \$21 million - Decreased offshore wind revenue
  - \$31 million – Decreased volumes with certain customers undergoing rate cases
  - \$33 million - Decreased volumes under new and existing customer MSAs

#### ↓ Operating Income

- ~\$20 million - Total decrease

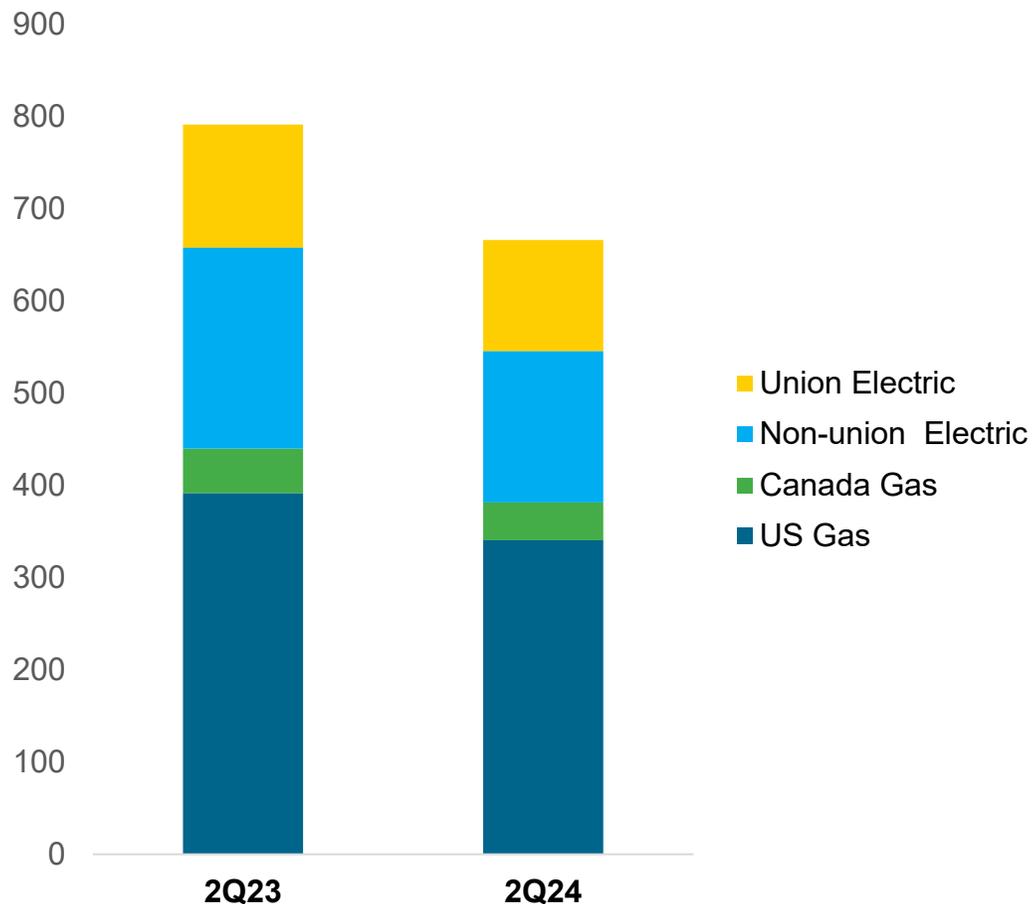
#### Driven by

- Lower revenues
- Mix of work
- Underutilization of fixed costs
- One-time severance costs in the current period

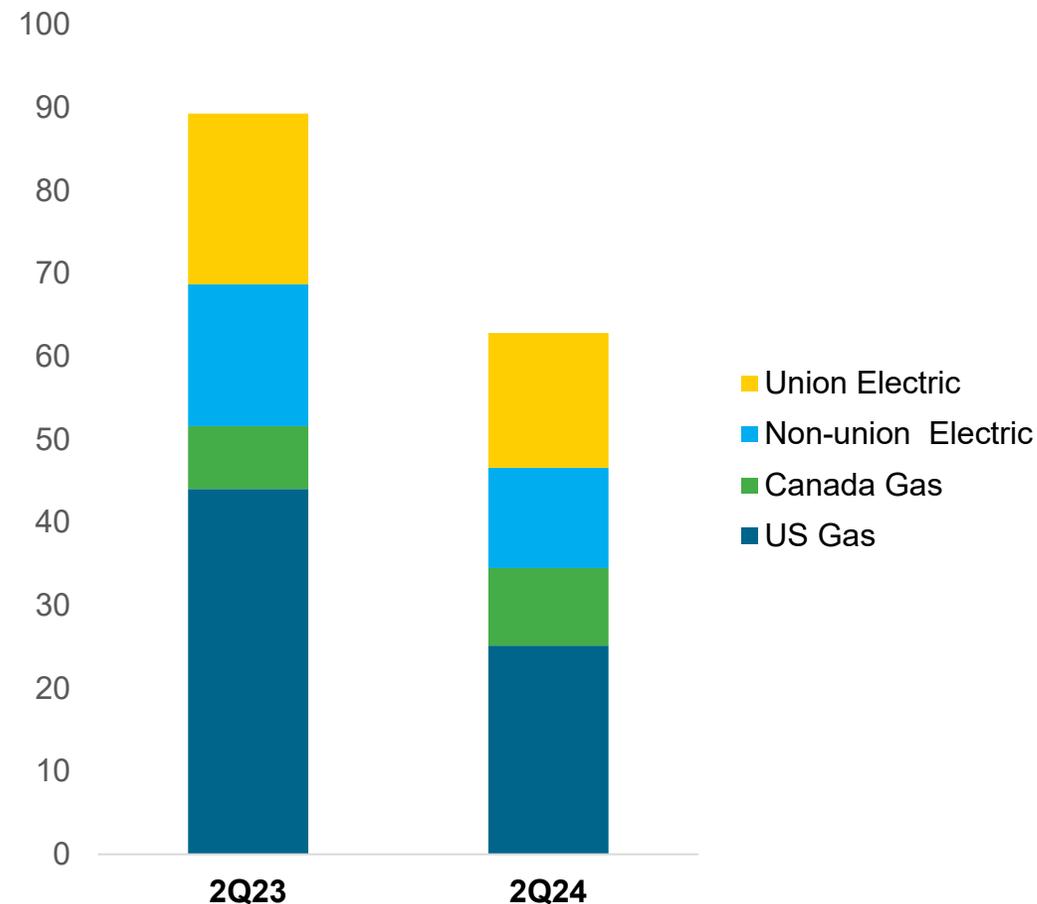
# Revenue & Gross Profit By Segment<sup>1</sup> | 2Q23 – 2Q24



## Revenues by Segment (\$MM)



## Gross Profit by Segment (\$MM)

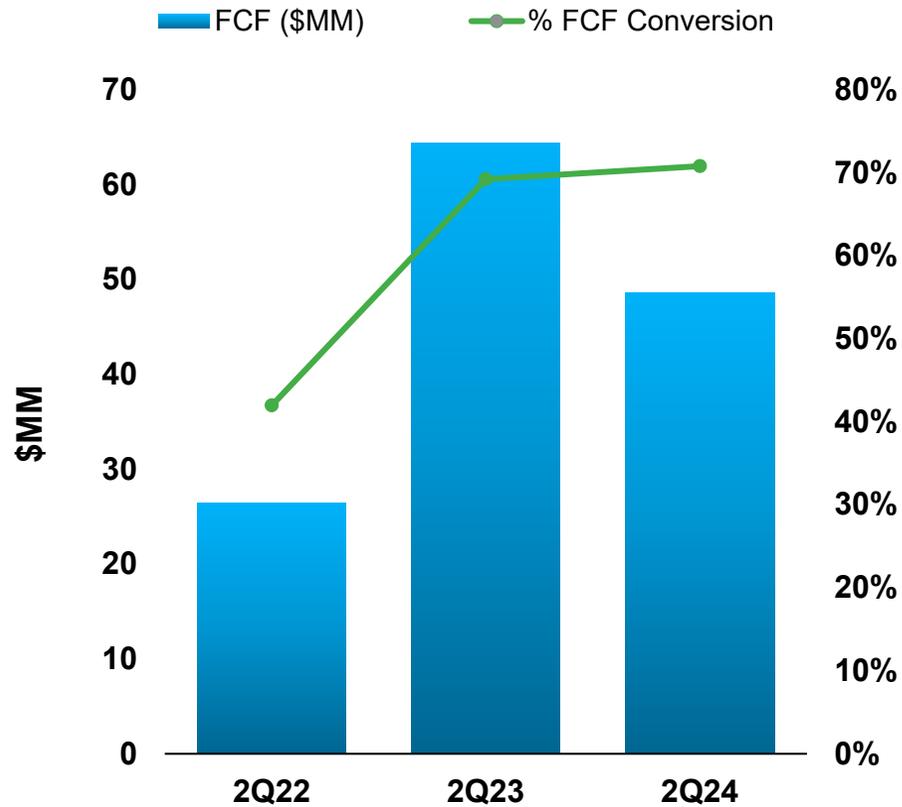


**Notes:**

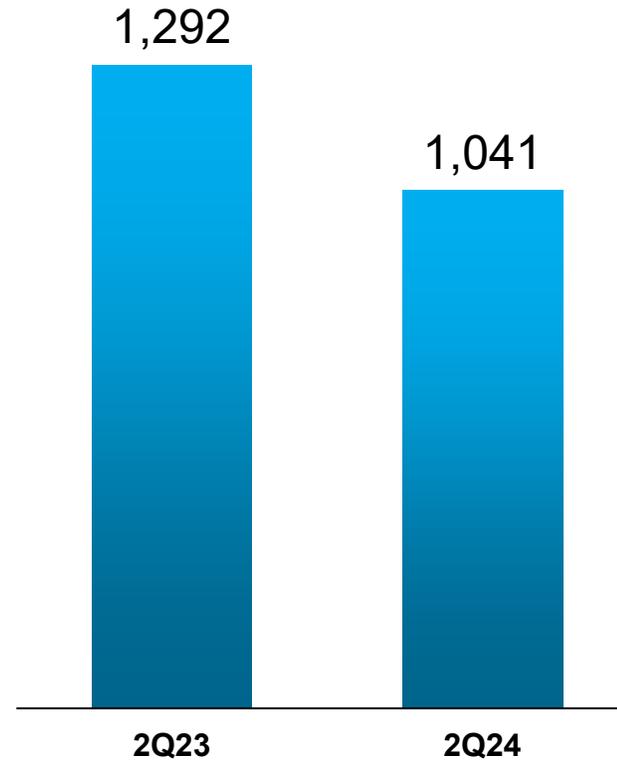
1. Chart reflects information for our four reportable segments. Other revenues were \$6 million and \$14 million for 2Q24 and 2Q23, respectively and other gross (loss)/profit were \$(2) million and \$1 million for 2Q24 and 2Q23, respectively.

# Free Cash Flow (FCF) and Leverage Overview

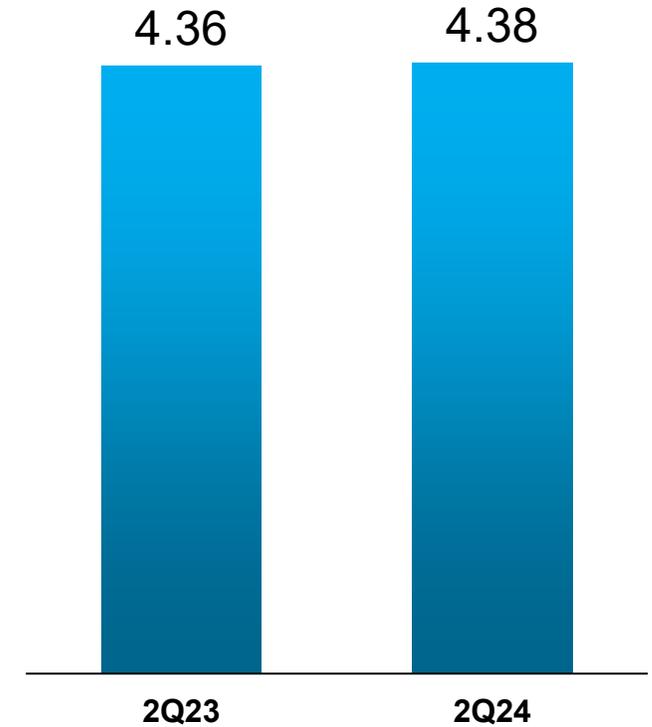
### FCF<sup>(1)</sup> & FCF Conversion<sup>(1)</sup>



### Net Debt (\$MM)<sup>(1)</sup>



### Net Debt to Adj. EBITDA<sup>(2)</sup> Ratio <sup>(1)</sup>



Notes:

(1) These are non-GAAP measures and as such, may not be comparable to a similarly titled measure of other companies. Please refer to the appendix to this presentation for the most comparable GAAP financial measure, and information reconciling the GAAP and non-GAAP financial measures.

(2) Based on trailing twelve months ended June 30, 2024 and July 2, 2023, respectively.

# 2024 Outlook

**FY 2024  
Revenue (MM)**

**\$2,500 – \$2,700**

**FY 2024 Adj.  
EBITDA margin<sup>(1)</sup>**

**9.0% – 9.6%**

**Net Capex  
(MM)<sup>(2)</sup>**

**\$90 - \$99**

*Notes:*

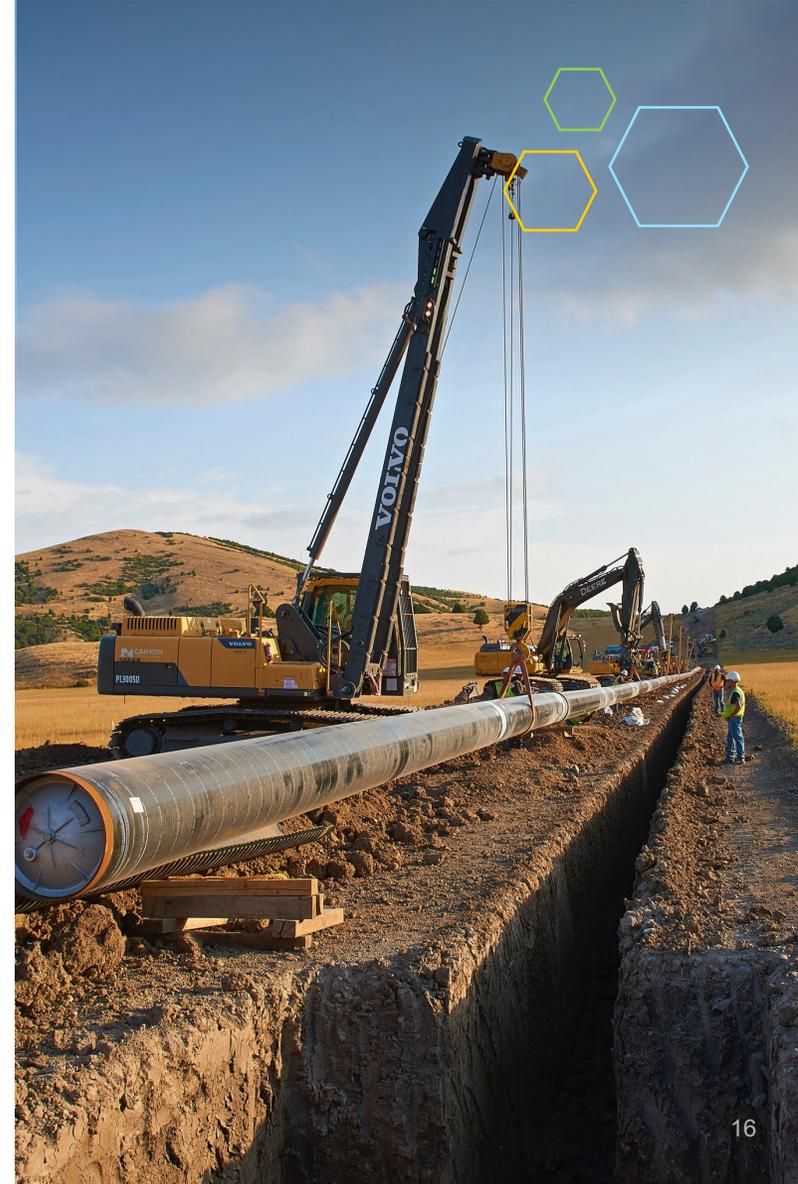
*(1) This is a non-GAAP measure and as such, may not be comparable to a similarly titled measure of other companies. Please refer to the appendix to this presentation for the definition of adjusted EBITDA. We are unable to provide reconciliations for forward-looking non-GAAP metrics without unreasonable efforts due to our inability to project non-recurring expenses.*

*(2) Net Capex is defined as cash paid for capital expenditures net against any proceeds from the sale of property and equipment.*



# Continued Execution of Our Strategic Plan

- » Enhancing commercial strategy and action plans to drive growth across operations
- » Ongoing implementation of identified overhead cost savings initiatives
- » Continued review of supply chain & fleet optimization savings and implementation
- » Focus on capital discipline and free cash flow conversion
- » Additional deleveraging planned



# Strong Secular Tailwinds Underpinning Growth

## Electric Utility Services

**\$168bn<sup>(1)</sup>**

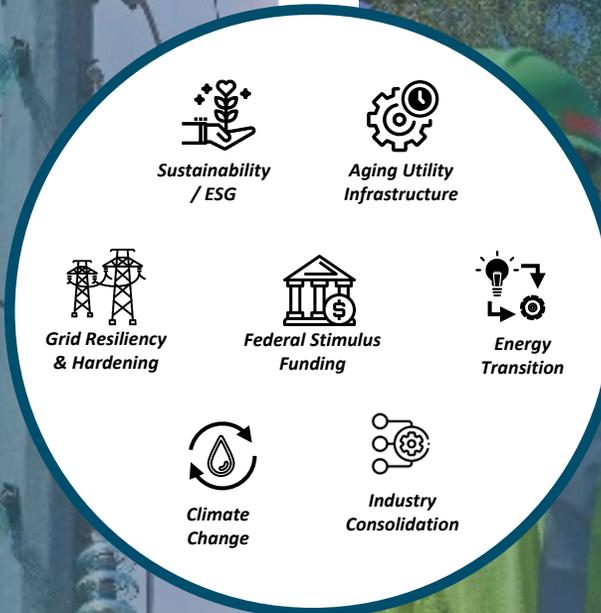
*Public Investor-Owned U.S. Electric Utility 2023E Capex*

**50+ Years<sup>(2)</sup>**

*Average Age of U.S. Electric Transmission Lines*

**16,000+ MWs<sup>(3)</sup>**

*Offshore Wind Capacity Added to U.S. Electric Grid between 2023-2030*



## Gas Utility Services

**40+ Years<sup>(4)</sup>**

*Average Age of U.S. Gas Distribution Pipelines*

**~409k / 50+ Years<sup>(4)(5)</sup>**

*Miles of 50+ Year Old Gas Main Lines in Service across the U.S. / Estimated Time to Replace*

**\$40bn<sup>(3)</sup>**

*2023E North American Local Distribution Company (LDC) Capex*

### Notes:

1. Edison Electric Institute (EEI) Annual Financial Reviews
2. American Society of Civil Engineers
3. According to the C Three Group, a provider of data on the North American energy infrastructure markets
4. Pipeline and Hazardous Materials Safety Administration
5. Time to replace based on 408,896 miles of pre-1970 and unknown vintage gas main lines in service as of 2022, divided by historical 5-year average replacement rate of 7,608 per year



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# Appendix



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# Use of Non-GAAP Measures

We prepare and present our financial statements in accordance with GAAP. However, management believes that EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Net Debt to Adjusted EBITDA ratio, Free Cash Flow, Free Cash Flow Conversion, Adjusted Net Income (Loss), and Adjusted Diluted Earnings (Loss) per Share, all of which are measures not presented in accordance with GAAP, provide investors with additional useful information in evaluating our performance. We use these non-GAAP measures internally to evaluate performance and to make financial, investment and operational decisions. We believe that presentation of these non-GAAP measures provides investors with greater transparency with respect to our results of operations and that these measures are useful for period-to-period comparisons of results. Management also believes that providing these non-GAAP measures helps investors evaluate the Company's operating performance, profitability and business trends in a way that is consistent with how management evaluates such matters.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for (i) non-cash stock-based compensation expense, (ii) strategic review costs, (iii) severance costs, and (iv) goodwill impairment. Adjusted EBITDA Margin is defined as the percentage derived from dividing Adjusted EBITDA by revenue. Net Debt to Adjusted Ratio is calculated by dividing net debt as of the latest balance sheet date by the trailing twelve months of adjusted EBITDA. Net debt is defined as the sum of all bank debt on the balance sheet and finance lease liabilities, net of cash.

Free Cash Flow is defined as Adjusted EBITDA less net capital expenditures. Net capital expenditures is defined as capital expenditures, net of proceeds from sale of property and equipment. Free Cash Flow Conversion is derived from dividing Free Cash Flow by Adjusted EBITDA.

Adjusted Net Income (Loss) is defined as net income (loss) adjusted for (i) strategic review costs, (ii) severance costs, (iii) amortization of intangible assets, (iv) non-cash stock-based compensation expense and (v) the income tax impact of adjustments that are subject to tax, which is determined using the incremental statutory tax rates of the jurisdictions to which each adjustment relates for the respective periods. Adjusted Dilutive Earnings per Share is defined as Adjusted Net Income (Loss) divided by weighted average diluted shares outstanding.

Using EBITDA as a performance measure has material limitations as compared to net income (loss), or other financial measures as defined under GAAP, as it excludes certain recurring items, which may be meaningful to investors. EBITDA excludes interest expense net of interest income; however, as we have borrowed money to finance transactions and operations, or invested available cash to generate interest income, interest expense and interest income are elements of our cost structure and can affect our ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are necessary elements of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense net of interest income, depreciation and amortization and income taxes has material limitations as compared to net income (loss). When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA to net income (loss) in each period, to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after-tax basis.

As to certain of the items related to Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Conversion, Adjusted Net Income (Loss), and Adjusted Diluted Earnings (Loss) per Share: (i) non-cash stock-based compensation expense varies from period to period due to changes in the estimated fair value of performance-based awards, forfeitures and amounts granted; (ii) strategic review costs related to the separation of Centuri are non-recurring; (iii) severance costs relate to non-recurring restructuring activities, and (iv) goodwill impairment can vary from period to period depending on economic and other factors. Because EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Free Cash Flow Conversion, Adjusted Net Income (Loss), and Adjusted Diluted Earnings (Loss) per Share as defined, exclude some, but not all, items that affect net income (loss), such measures may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net income (loss), and information reconciling the GAAP and non-GAAP financial measures, are set forth below. We are unable to provide reconciliations for forward-looking non-GAAP metrics without unreasonable efforts due to our inability to project non-recurring expenses.

# Adjusted EBITDA Reconciliation

\$mm	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Net income (loss)	\$ 12.9	\$ (165.9)	\$ (7.1)	\$ 18.5	\$ 16.9	\$ (212.8)	\$ (25.2)	\$ 11.7
Net interest deductions	16.6	21.0	22.4	24.5	26.1	24.4	24.1	22.6
Income tax expense (benefit)	8.9	0.7	(4.2)	11.0	10.0	(7.3)	(20.8)	(0.5)
Depreciation expense	32.4	32.4	31.2	30.2	29.6	27.8	27.7	27.7
Amortization of intangible assets	7.4	6.7	6.7	6.7	6.7	6.7	6.7	6.7
<b>EBITDA</b>	<b>78.2</b>	<b>(105.1)</b>	<b>48.9</b>	<b>90.9</b>	<b>89.3</b>	<b>(161.2)</b>	<b>12.4</b>	<b>68.2</b>
Non-cash share-based compensation	(0.5)	0.5	0.1	0.7	1.3	(0.3)	(0.6)	0.1
Strategic review costs	(0.6)	0.2	0.1	1.1	0.5	1.6	3.9	(1.9)
Severance costs	-	4.2	0.1	0.2	0.3	3.5	4.5	2.2
Goodwill impairment	-	177.1	-	-	-	214.0	-	-
<b>Adjusted EBITDA</b>	<b>\$ 77.1</b>	<b>\$ 76.9</b>	<b>\$ 49.2</b>	<b>\$ 92.9</b>	<b>\$ 91.5</b>	<b>\$ 57.5</b>	<b>\$ 20.2</b>	<b>\$ 68.6</b>
<b>Adjusted EBITDA margin</b>	<b>10.2%</b>	<b>10.0%</b>	<b>7.5%</b>	<b>11.5%</b>	<b>11.8%</b>	<b>8.6%</b>	<b>3.8%</b>	<b>10.2%</b>

Note: Certain totals may not foot due to rounding

Figures are as adjusted in S-1 filing and differ from Centuri adjusted EBITDA figures presented in Southwest Gas Holdings, Inc. (SWX) filings

# Free Cash Flow Reconciliation

\$mm	2Q22	2Q23	2Q24
Net income	\$ 4.9	\$ 18.5	\$ 11.7
Net interest deductions	12.6	24.5	22.6
Income tax expense (benefit)	3.4	11.0	(0.5)
Depreciation expense	31.0	30.2	27.7
Amortization of intangible assets	7.8	6.7	6.7
<b>EBITDA</b>	<b>59.8</b>	<b>90.9</b>	<b>68.2</b>
Non-cash share-based compensation	1.0	0.7	0.1
Strategic review costs	2.2	1.1	(1.9)
Severance costs	-	0.2	2.2
<b>Adjusted EBITDA</b>	<b>\$ 63.0</b>	<b>\$ 92.9</b>	<b>\$ 68.6</b>
Net Capex <sup>(1)</sup>	(36.6)	(28.6)	(20.0)
<b>Free Cash Flow</b>	<b>\$ 26.5</b>	<b>\$ 64.4</b>	<b>\$ 48.6</b>
<b>Free Cash Flow Conversion</b>	<b>42.0%</b>	<b>69.3%</b>	<b>70.8%</b>

Note: Certain totals may not foot due to rounding

Figures are as adjusted in S-1 filing and differ from Centuri adjusted EBITDA figures presented in Southwest Gas Holdings, Inc. (SWX) filings

(1) Net Capex is defined as cash paid for capital expenditures net against any proceeds from the sale of property and equipment.

# Net Debt Reconciliation

\$mm	2Q23	2Q24
<b>Debt</b>		
Current portion of long-term debt	\$ 42.1	\$ 31.2
Current portion of finance lease liabilities	11.9	10.6
Long-term debt, net of current portion	1,050.7	866.7
Line of credit	184.3	143.6
Finance lease liabilities, net of current portion	29.7	19.4
<b>Total Debt</b>	<b>1,318.7</b>	<b>1,071.5</b>
Cash and cash equivalents	26.4	30.9
<b>Net debt</b>	<b>1,292.3</b>	<b>1,040.6</b>
Trailing twelve months Adjusted EBITDA	\$ 296.2	\$ 237.8
<b>Net Debt to Adj. EBITDA</b>	<b>4.36</b>	<b>4.38</b>

Note: Certain totals may not foot due to rounding

# Adjusted Net Income

\$'mm	2Q23	2Q24
Net income	\$ 18.5	\$ 11.7
Strategic review costs	1.1	(1.9)
Severance costs	0.2	2.2
Amortization of intangible assets	6.7	6.7
Non-cash stock-based compensation	0.7	0.1
Income tax impact of adjustments <sup>(1)</sup>	(2.2)	(1.8)
<b>Adjusted net income</b>	<b>\$ 25.0</b>	<b>\$ 17.0</b>

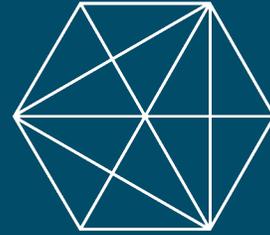
(1) Calculated based on a blended statutory tax rate of 25%.

Note: Certain totals may not foot due to rounding

# Adjusted Earnings Per Share

	2Q23	2Q24
Diluted earnings per share attributable to common stock (GAAP as reported)	\$ 0.24	\$ 0.14
Add-back income attributable to NCI	0.02	-----
Strategic review costs	0.02	(0.02)
Severance costs	-----	0.03
Amortization of intangible assets	0.09	0.07
Non-cash stock-based compensation	0.01	----
Income tax impact of adjustments	(0.03)	(0.02)
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.35</b>	<b>\$ 0.20</b>

Note: Certain totals may not foot due to rounding



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