
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): October 4, 2023

CONSTRUCTION PARTNERS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38479
(Commission
File Number)

26-0758017
(I.R.S. Employer
Identification Number)

290 Healthwest Drive, Suite 2
Dothan, Alabama 36303
(Address of principal executive offices) (ZIP Code)

(334) 673-9763
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

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:

- ☐ 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 |
|---|------------------------------|--|
| Class A common stock, \$0.001 par value | ROAD | The Nasdaq Stock Market LLC (Nasdaq Global Select 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 October 4, 2023, Construction Partners, Inc. (the “Company”) issued a press release announcing certain preliminary financial results for the fiscal year ended September 30, 2023. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and will not be incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act unless specifically identified therein as being incorporated therein by reference.

Item 7.01. Regulation FD Disclosure.

The Company is furnishing a copy of an investor presentation (the “Presentation”) that the Company intends to use, in whole or in part, during its presentation at the Company’s Analyst Day on October 4, 2023 in New York, New York. A copy of the Presentation is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated by reference herein.

During the course of Analyst Day, the Company’s President and Chief Executive Officer, Fred J. (Jule) Smith, III, and other key members of the Company’s senior leadership team plan to discuss the Company’s strategic initiatives, growth priorities, organizational achievements and business outlook. The Presentation includes forward-looking statements and cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated, as well as certain non-GAAP financial measures and reconciliations of such non-GAAP measures to applicable GAAP financial measures.

The information contained in the Presentation is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in the Presentation, although it may do so from time to time as its management believes is warranted.

The information furnished pursuant to this Item 7.01, including Exhibit 99.2, shall not be deemed to be “filed” for the purposes of Section 18 of the Exchange Act and will not be incorporated by reference into any filing under the Securities Act or the Exchange Act unless specifically identified therein as being incorporated therein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1** | Press release dated October 4, 2023 |
| 99.2** | Investor Presentation |
| 104* | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

* Filed herewith.

** Furnished herewith.

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.

CONSTRUCTION PARTNERS, INC.

Date: October 4, 2023

By: /s/ Gregory A. Hoffman

Gregory A. Hoffman

Senior Vice President and Chief Financial Officer



NEWS RELEASE

Construction Partners, Inc. Announces Preliminary Fiscal 2023 Financial Results

*Company Introduces Fiscal 2024 Outlook
Hosts Analyst Day in New York City*

DOTHAN, AL, October 4, 2023 – Construction Partners, Inc. (NASDAQ: ROAD) (“CPI” or the “Company”), a vertically integrated civil infrastructure company specializing in the construction and maintenance of roadways across six southeastern states, today announced preliminary financial results for fiscal year 2023 and has introduced fiscal year 2024 outlook ranges that will be discussed during today’s Analyst Day event in New York City.

Fred J. (Jule) Smith, III, the Company’s President and Chief Executive Officer, said, “We finished our fiscal year last week with strong operational performance across our footprint, representing a productive work season with high project demand and healthy project margins. Today we are announcing our preliminary fiscal 2023 financial results, which represent significant growth compared to fiscal 2022 on both the top and bottom lines of our business. We look forward to reviewing our strategic initiatives, growth priorities and business outlook with those participating in our Analyst Day event either in person or through the webcast link on our website.”

Preliminary Fiscal 2023 Financial Results

Revenue in fiscal 2023 is expected to be in the range of \$1.547 billion to 1.557 billion, compared to \$1.30 billion in fiscal 2022.

Net income in fiscal 2023 is expected to be in the range of \$44.8 million to \$47.0 million, compared to \$21.4 million in fiscal 2022.

Adjusted EBITDA⁽¹⁾ in fiscal 2023 is expected to be in the range of \$168.0 million to \$172.0 million, compared to \$111.2 million in fiscal 2022.

Adjusted EBITDA Margin⁽¹⁾ in fiscal 2023 is expected to be in the range of 10.9% to 11.0%, compared to 8.5% in fiscal 2022.

Cash flow from operations in fiscal 2023 is expected to be in the range of \$155.0 million to \$160.0 million, compared to \$16.5 million in fiscal 2022.

Cash at fiscal year-end 2023 is expected to be approximately \$55 million, compared to \$35.5 million at fiscal year-end 2022.

⁽¹⁾ Adjusted EBITDA, Adjusted EBITDA Margin and Net Debt are financial measures not presented in accordance with generally accepted accounting principles (“GAAP”). Please see “Reconciliation of Non-GAAP Financial Measures” at the end of this press release.

Net Debt⁽¹⁾ to Adjusted EBITDA⁽¹⁾ at fiscal year-end 2023 is expected to be in the range of 1.87x to 1.92x, compared to 3.06x at fiscal year-end 2022.

The Company's independent registered public accounting firm has not audited, reviewed, compiled or performed any procedures with respect to the above preliminary financial information or its audit of the Company's financial statements for the year ended September 30, 2023. The Company's actual results may differ from these estimates as a result of the Company's year-end closing procedures, review adjustments and other developments that may arise between now and the time the Company's financial results for the year ended September 30, 2023 are finalized.

Introducing Fiscal Year 2024 Outlook

The Company's outlook for fiscal year 2024 with regard to revenue, net income, Adjusted EBITDA and Adjusted EBITDA Margin is as follows:

- Revenue in the range of \$1.750 billion to \$1.825 billion
- Net income in the range of \$63 million to \$70 million
- Adjusted EBITDA⁽¹⁾ in the range of \$197 million to \$219 million
- Adjusted EBITDA Margin⁽¹⁾ in the range of 11.3% to 12.0%

Smith commented, "As our Company continues its growth trajectory, we remain focused on expanding margins through enhanced local market performance, further vertical integration of construction materials and services, and scaling corporate costs across the organization. We continue to benefit from opportunities afforded by a generational investment in infrastructure, the fast-growing economy in the Southeast, and numerous organic and acquisitive growth opportunities."

Analyst Day Webcast Information

Today's Analyst Day event will be made available online at approximately 9:00 a.m. Eastern Time via a live audio webcast with accompanying slides. Interested parties who would like to participate virtually are invited to join the Construction Partners Analyst Day 2023 webcast by visiting the "Events & Presentations" section of the Company's Investors website at <https://ir.constructionpartners.net/>. A replay of the webcast and the accompanying presentation will be made available on the Investors website following the conclusion of the live event.

About Construction Partners, Inc.

Construction Partners, Inc. is a vertically integrated civil infrastructure company operating across six southeastern states. Supported by its hot-mix asphalt plants, aggregate facilities and liquid asphalt terminals, the Company focuses on the construction, repair and maintenance of surface infrastructure. Publicly funded projects make up the majority of its business and include local and state roadways, interstate highways, airport runways and bridges. The Company also performs private sector projects that include paving and sitework for office and industrial parks, shopping centers, local businesses and residential developments. To learn more, visit www.constructionpartners.net.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained herein that are not statements of historical or current fact constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934. These statements may be identified by the use of words such as “seek,” “continue,” “estimate,” “predict,” “potential,” “targeting,” “could,” “might,” “may,” “will,” “expect,” “should,” “anticipate,” “intend,” “project,” “outlook,” “believe,” “plan” and similar expressions or their negative. These forward-looking statements include, among others, statements regarding the Company’s expected revenue, net income, Adjusted EBITDA, Adjusted EBITDA Margin, Cash Flow from Operations, , Total long-term debt to Net Income and Net Debt to Adjusted EBITDA for the fiscal year ended September 30, 2023, the Company’s fiscal year 2024 outlook and the Company’s business strategy. These and other forward-looking statements are based on management’s current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Important factors could cause actual results to differ materially from those expressed in the forward-looking statements, including, among others: the preliminary financial information remaining subject to changes and finalization based upon management’s ongoing review of results for the fiscal year ended September 30, 2023 and the completion of all year-end closing procedures; the Company’s ability to successfully manage and integrate acquisitions; failure to realize the expected economic benefits of acquisitions, including future levels of revenues being lower than expected and costs being higher than expected; failure or inability to implement growth strategies in a timely manner; declines in public infrastructure construction and reductions in government funding, including the funding by transportation authorities and other state and local agencies; risks related to the Company’s operating strategy; competition for projects in the Company’s local markets; risks associated with the Company’s capital-intensive business; government requirements and initiatives, including those related to funding for public or infrastructure construction, land usage and environmental, health and safety matters; unfavorable economic conditions and restrictive financing markets; the Company’s ability to obtain sufficient bonding capacity to undertake certain projects; the Company’s ability to accurately estimate the overall risks, requirements or costs when it bids on or negotiate contracts that are ultimately awarded to the Company; the cancellation of a significant number of contracts or the Company’s disqualification from bidding for new contracts; risks related to adverse weather conditions; the Company’s substantial indebtedness and the restrictions imposed on the Company by the terms thereof; the Company’s ability to maintain favorable relationships with third parties that supply the Company with equipment and essential supplies; the Company’s ability to retain key personnel and maintain satisfactory labor relations; property damage, results of litigation and other claims and insurance coverage issues; risks related to the Company’s information technology systems and infrastructure; the Company’s ability to maintain effective internal control over financial reporting; and the other risks, uncertainties and factors set forth in the Company’s most recent Annual Report on Form 10-K, its subsequent Quarterly Reports on Form 10-Q, its Current Reports on Form 8-K and other reports the Company files with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. The Company assumes no obligation to update forward-looking statements to reflect actual results, subsequent events, or circumstances or other changes affecting such statements, except to the extent required by applicable law.

Contact:

Rick Black
Dennard Lascar Investor Relations
ROAD@DennardLascar.com
(713) 529-6600

- Financial Statements Follow -

Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA represents net income before, as applicable from time to time, (i) interest expense, net, (ii) provision (benefit) for income taxes, (iii) depreciation, depletion, accretion and amortization, (iv) equity-based compensation expense, (v) loss on the extinguishment of debt and (vi) certain management fees and expenses. Periods commencing subsequent to September 30, 2023 do not include an adjustment for management fees and expenses, which have historically related to the Company's management services agreement with an affiliate of SunTx Capital Partners. Effective October 1, 2023, the term of the management services agreement has been extended to October 28, 2028. As a result of the term extension, the Company no longer views the management fees and expenses paid under the management services agreement as a non-recurring expense. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of revenues for each period. Net Debt represents total long-term debt less cash.

These metrics are supplemental measures of the Company's operating performance that are neither required by, nor presented in accordance with, GAAP. These measures have limitations as analytical tools and should not be considered in isolation or as an alternative to net income or any other performance measure derived in accordance with GAAP as an indicator of the Company's operating performance. The Company presents these metrics because management uses these measures as key performance indicators and believes that securities analysts, investors and others use these measures to evaluate companies in the Company's industry. The Company's calculation of these metrics may not be comparable to similarly named measures reported by other companies. Potential differences may include differences in capital structures, tax positions and the age and book depreciation of intangible and tangible assets.

The following tables present a reconciliation of net income, the most directly comparable measure calculated in accordance with GAAP, to Adjusted EBITDA for the periods presented:

Construction Partners, Inc.
Net Income to Adjusted EBITDA Reconciliation
Preliminary Fiscal Year 2023 Financial Results
(unaudited, in thousands)

| | For the Fiscal Year Ended September 30, 2023 | |
|---|---|-------------------|
| | Low | High |
| Net income | \$ 44,800 | \$ 47,000 |
| Interest expense, net | 18,400 | 18,600 |
| Provision (benefit) for income taxes | 15,000 | 15,800 |
| Depreciation, depletion, and amortization | 78,200 | 78,600 |
| Equity-based compensation expense | 10,100 | 10,400 |
| Management fees and expenses | 1,500 | 1,600 |
| Adjusted EBITDA | <u>\$ 168,000</u> | <u>\$ 172,000</u> |

Construction Partners, Inc.
Net Income to Adjusted EBITDA Reconciliation
Fiscal Year 2024 Outlook
(unaudited, in thousands)

| | For the Fiscal Year Ending September 30, 2024 | |
|---|--|-------------------|
| | Low | High |
| Net income | \$ 63,000 | \$ 70,000 |
| Interest expense, net | 18,000 | 20,500 |
| Provision for income taxes | 21,200 | 23,600 |
| Depreciation, depletion, and amortization | 83,600 | 93,100 |
| Equity-based compensation expense | 11,200 | 11,800 |
| Adjusted EBITDA | <u>\$ 197,000</u> | <u>\$ 219,000</u> |

The following table presents a reconciliation of total long-term debt, the most directly comparable measure calculated in accordance with GAAP, to Net Debt for the periods presented:

Construction Partners, Inc.
Total Long-Term Debt to Net Debt Reconciliation
Preliminary Fiscal Year 2023 Financial Results
(unaudited, in thousands)

| | As of September 30, 2023 | |
|----------------------|---------------------------------|-------------|
| | Low | High |
| Total long-term debt | \$ 376,850 | \$ 376,850 |
| Less: Cash | 55,000 | 55,000 |
| Net Debt | 321,850 | 321,850 |
| Adjusted EBITDA | \$ 168,000 | \$ 172,000 |
| Leverage Ratio | 1.92x | 1.87x |

Analyst Day

October 4, 2023



Today's Agenda

Welcome

Rick Black
Investor Relations

An Enduring Growth Story

Ned Fleming
Executive Chairman

ROAD-Map 2027

Jule Smith
Chief Executive Officer

Executing a Proven Strategy

Greg Hoffman
Chief Financial Officer

Growth: A Core Competency

Nelson Fleming
VP of Strategy & Business Development

Panel Discussion

Mike Crenshaw, David Ferebee, Robert Baugnon, Nelson Fleming
Platform Company Presidents, VP of Personnel, VP of Strategy & BD

Summary Statements

Jule Smith
Chief Executive Officer

Q&A

Jule Smith, Greg Hoffman



Forward-Looking Statements

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The Company's independent registered public accounting firm has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial information for the year ended September 30, 2023 presented herein or its audit of the Company's financial statements for the year ended September 30, 2023. The Company's actual results may differ from these estimates as a result of the Company's year-end closing procedures, review adjustments and other developments that may arise between now and the time the Company's financial results for the year ended September 30, 2023 are finalized.



An Enduring Growth Story

CONSTRUCTION PARTNERS INC.



Ned Fleming
Executive Chairman

An Enduring Growth Story: 2001 to 2018

Founded in 2001 with a Simple, 3-Point Thesis:

- 1** Partnered with experienced operators that knew how to build a great company...
- 2** ...Offering services that meet an essential and growing societal need...
- 3** ...In a large, highly fragmented industry with an endless runway of growth opportunities.

D

Average Road Grade₍₁₎

10-15 Years

Cycle for Routine Road Maintenance₍₂₎

94%

Roads in the U.S. Made with Asphalt₍₃₎



(1) American Society of Civil Engineers Road Grade, 2021 Infrastructure Report Card
(2) NCAT Report 13-06
(3) U.S. Department of Transportation - Federal Highway Administration

Founding to IPO Statistics

0

4

State Footprint

0

27

Distinct Local Markets

2

1,800

Headcount

In 2022 Exceeded 5-year Targets from IPO

✓ Achieve revenue above \$1 billion

\$1.3bn
In FY 22

✓ Annual revenue growth: single to low double digits

17.6%
FY 18-FY 22
CAGR

✓ Continue to grow relative market share and expand geographic footprint

122%

Growth in Number of
Distinct Local Markets

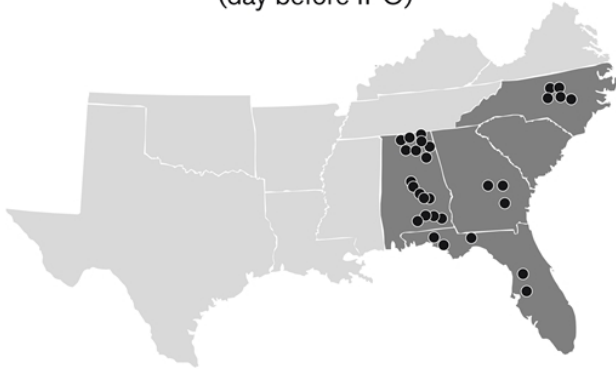
19

Acquisitions
(FY 18 - FY 22)

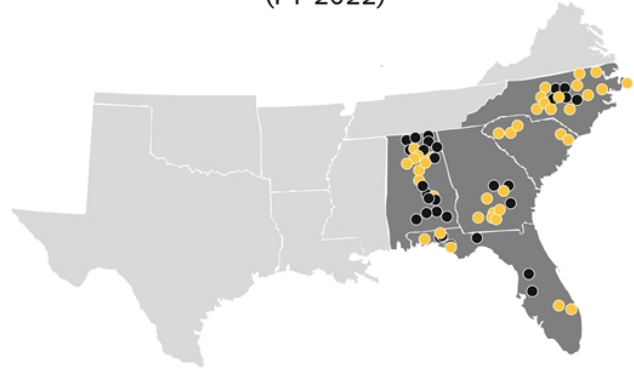


2018 IPO to 2022

May 3, 2018
(day before IPO)



September 30, 2022
(FY 2022)



● Production Facility ● Added Since IPO



Successful Management Transition



Jule Smith
Chief Executive Officer



Greg Hoffman
Chief Financial Officer



Experienced Leadership Team



Jule Smith
Chief Executive Officer



Greg Hoffman
Chief Financial Officer



Bob Flowers
President CW Roberts



John Harper
President Wiregrass



Ty Johnson
President Fred Smith



David Ferebee
President Ferebee



Mike Crenshaw
President King Asphalt



Reece Akins
President Scruggs



Brett Armstrong
SVP Operations



Robert Baugnon
VP Personnel &
Administration



Nelson Fleming
VP Strategy & Business
Development



Ryan Brooks
SVP Legal



John Walker
SVP Operations



Heather Dylla
VP Sustainability &
Innovation

ROAD-Map 2027

CONSTRUCTION *PARTNERS* INC.



Jule Smith

Chief Executive Officer

CONSTRUCTION PARTNERS INC.

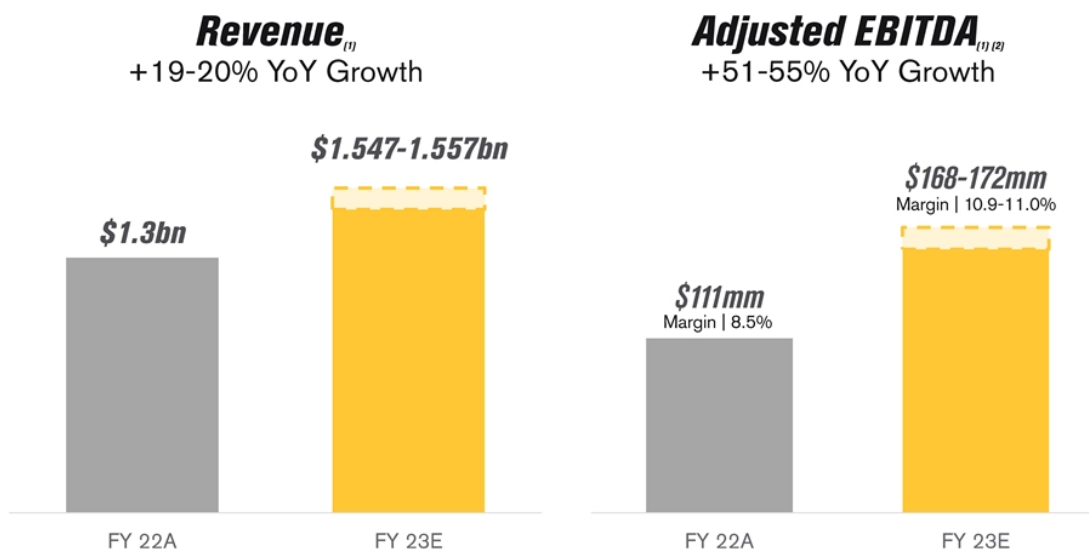
A LEADING INFRASTRUCTURE COMPANY

ROAD-Map 2027



Page 11

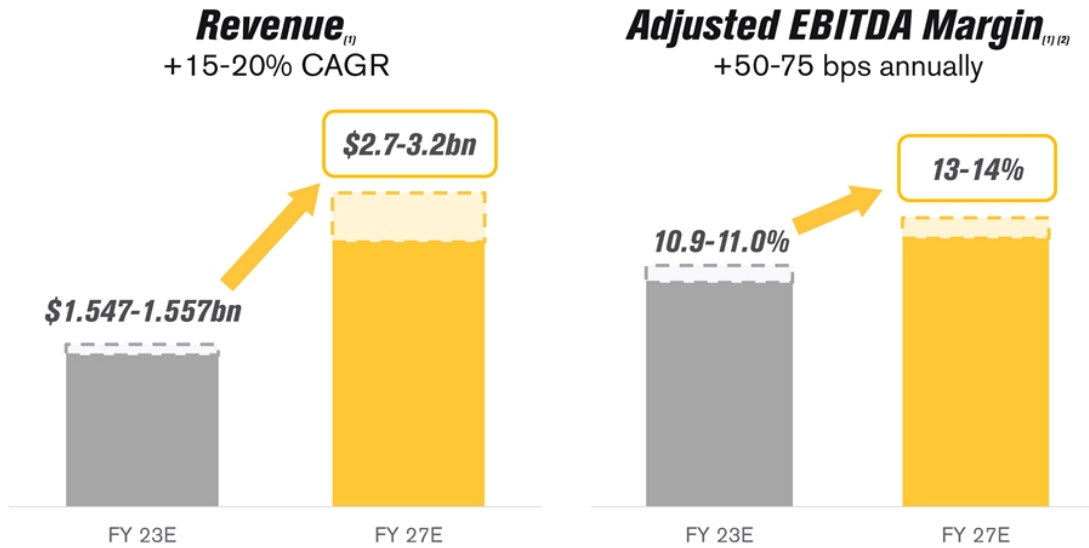
Financial Outlook Update: FY 23



(1) FY 23 represents a range of management guidance for fiscal year 2023.

(2) Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. For a reconciliation of Adjusted EBITDA to Net Income, the most directly comparable GAAP financial measure, and the resulting calculation of Adjusted EBITDA Margin, see the appendix.

ROAD-Map 2027 - Where We're Going



(1) FY 23 represents a range of management guidance for fiscal year 2023. FY 27 represents a range of management targets for fiscal year 2027. Key assumptions underlying FY 27 target results include a normal economic and funding environment and M&A activity consistent with recent levels.

(2) Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. For a reconciliation of Adjusted EBITDA to Net Income, the most directly comparable GAAP financial measure, and the resulting calculation of Adjusted EBITDA Margin, see the appendix.

Same Proven Strategy



Asphalt-centered Infrastructure Company

4000+

Employees

~60%

Revenue from Publicly-funded Projects

6

State Footprint

67

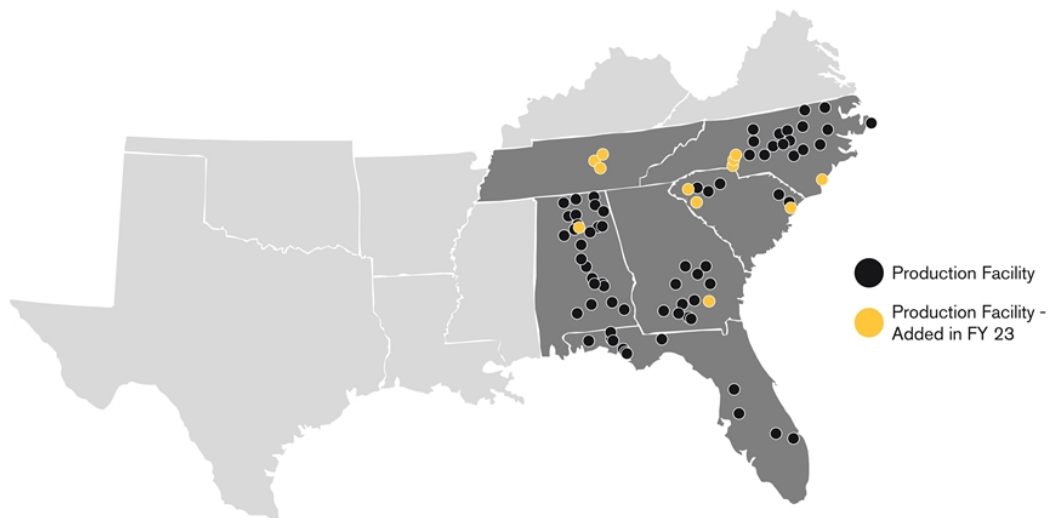
Hot Mix Asphalt (HMA) Plants

13

Aggregate Plants

2

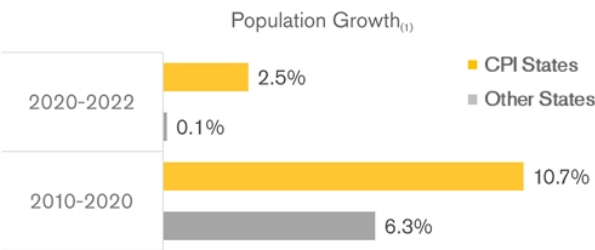
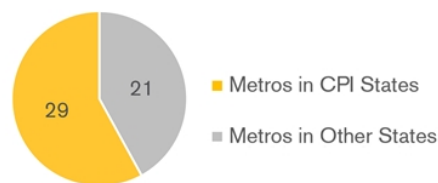
Liquid AC Terminals



Regionally Focused in Sunbelt

Meaningful population migration ...

Top 50 Fastest Growing Metros 2020-2022⁽¹⁾



(1) U.S. Census Bureau, Population Division

Leading to growth in ...

Public Infrastructure



Industrial Development



Commercial Development



Regionally Focused in Sunbelt

Meaningful business migration ...




OFFICE OF THE GOVERNOR
BMW Investing \$1.7 Billion to Expand S.C.
Manufacturing Capacity and Footprint
October 2022

THE WALL STREET JOURNAL
Corporate Tax Breaks Surge in Push for
and Electric-Vehicle Factories
October 2022

THE WALL STREET JOURNAL
America Is Back in the Factory Business
April 2023

ENR
Engineering News-Record
Wolfspeed Commits \$5B to NC
Materials Facility, Research Partnerships
April 2023

WJCL
abc
May 2023

EYEWITNESS
abc NEWS
July 2023

The Verge
Redwood Materials announces \$3.5
billion EV battery recycling plant in South
Carolina
December 2022

Local Markets & Workforce

Local markets defined as ~50-mile radius around plants given temperature sensitivity of HMA

Favorable Local Market Dynamic

- Local market knowledge and relationships provides competitive moat
- Hiring and retention advantage as a local operator building jobs where our employees live
- Flexibility to optimize utilization of crews & equipment within adjacent markets
- Strategically positioned to win routine, maintenance-related projects; no out-of-market mega projects



Leading to High Relative Market Share



Reoccurring Public & Private Revenue

Public

- Steady stream of maintenance-related contracts let by state DOTs and municipalities throughout the year
- City, county, military base annual resurfacing contracts



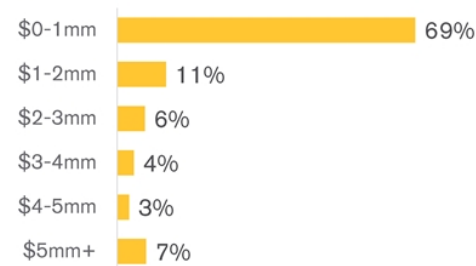
Private

- Long-standing relationships with GCs and developers of all sizes in high-growth markets
- Turnkey capabilities and reputation for quality provide advantage on negotiated work



Short Duration, Low Risk Projects

Completed Projects by Size
FY 18 - FY 22



6-9 Months

Average Project
Duration



Multiple Avenues for Growth in Fragmented Industry

Continuing historical annual revenue growth rate of 15-20% to achieve the targeted \$2.7-3.2bn revenue by 2027

Organic

~3x Multiple of EBITDA

Expansion of services or facilities in existing markets

- Paving crews
- Utilities crews
- Grading crews
- Facility upgrades



Greenfield

~4x Multiple of EBITDA

Establishment of manufacturing facility to enter new market or increase vertical integration

- HMA plants
- AC terminals



Acquisitive

~5-6x Multiple of EBITDA

Acquiring businesses within and complementary to our core business

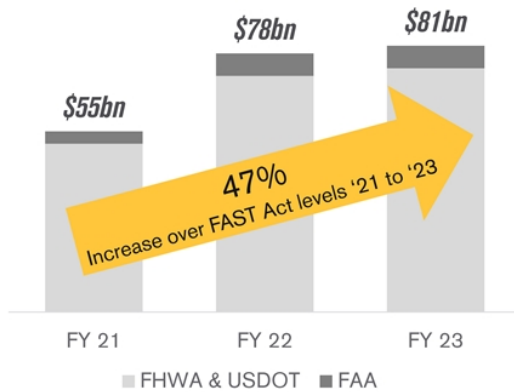
- Platforms
- Bolt-ons
- Vertical integration



Investment in Aging Infrastructure

Funding for Pavement-Related Infrastructure

by DOT Fiscal Year⁽¹⁾



Accelerating State Investment in 2023

\$7bn

Florida - Transportation infrastructure investment over four years with Moving Forward Florida legislation⁽²⁾

32%

Tennessee - Budget increase over four years with \$3.3bn Transportation Modernization Act⁽³⁾

\$850mm

South Carolina - Additional dollars in '23-'24 budget to expedite start and completion of projects⁽⁴⁾

\$1.2bn

CPI States - "Bonus," unused highway funds reallocated by FHWA to CPI states in August 2023 and committed to projects by September 2023



- (1) Consolidated Appropriations Act, 2023 and Infrastructure Investment & Jobs Act (IIJA)
- (2) Florida Department of Transportation
- (3) Tennessee Department of Transportation
- (4) South Carolina Executive Budget Summary FY 2023-24
- (5) U.S. Department of Transportation, Federal Highway Administration

ROAD-Map 2027 - Margin Expansion

Utilizing three levers of margin growth to increase Adjusted EBITDA Margin by 50-75 bps annually and achieve 13-14% Adjusted EBITDA Margin by 2027

Building Better Markets

- #1 or #2 player in each of our local markets
- Leveraging technology to provide improved market intelligence



Vertical Integration

- Capturing increased margin through self-managed material supply and expansion of construction service capabilities



Scale

- Revenue and cost synergies as topline growth outpaces fixed costs – 10-15 bps impact per year
- Increased purchasing power & cost savings



Building A Sustainable Future



FAMILY

We are a family of companies but, more importantly, a company of families.



OPPORTUNITY

We provide opportunities to build better lives.



OUR MOTTO ***BUILDING CONNECTED COMMUNITIES***

OUR PURPOSE

We are a family of companies dedicated to building better lives and the infrastructure that keeps our communities connected.



RESPECT

We respect each of our employees, customers, and communities.



EXCELLENCE

We strive to do ordinary things extraordinarily well.



Executing a Proven Strategy

CONSTRUCTION *PARTNERS* INC.



Greg Hoffman

Chief Financial Officer

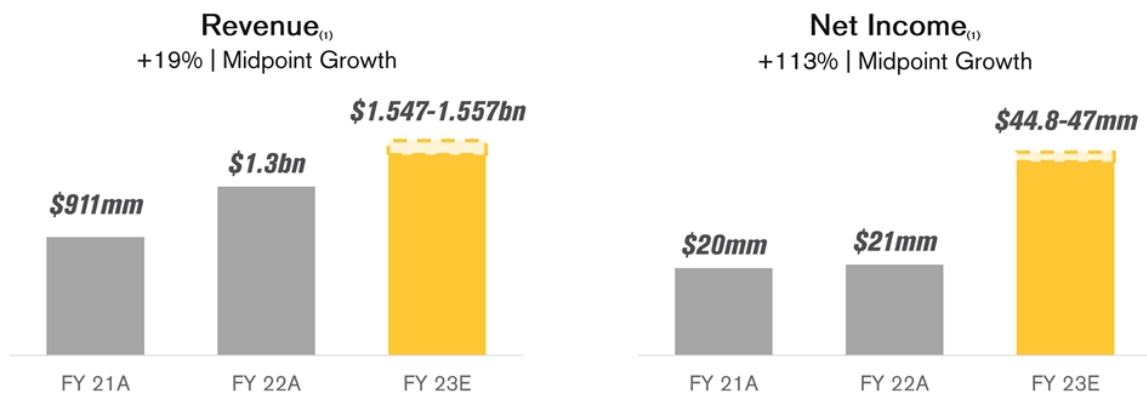
Executing a Proven Strategy



- 1 Track Record of Sustainable Growth
- 2 Proven Strategy with Consistent Visibility
- 3 Seasonal, Not Cyclical Operations
- 4 Compelling Outlook and Long-Term Targets
- 5 Strong Financial Flexibility for Growth

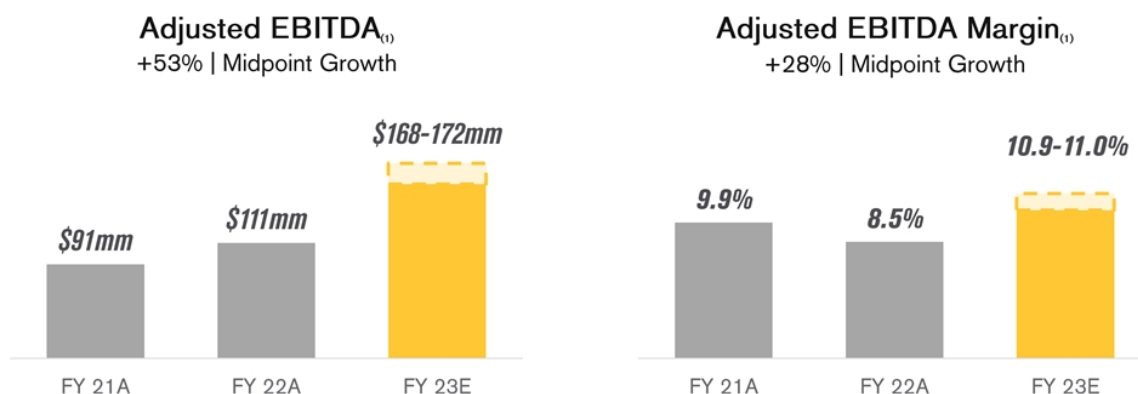


Track Record of Sustainable Growth: FY 23



(1) FY 23 represents a range of management guidance for fiscal year 2023.

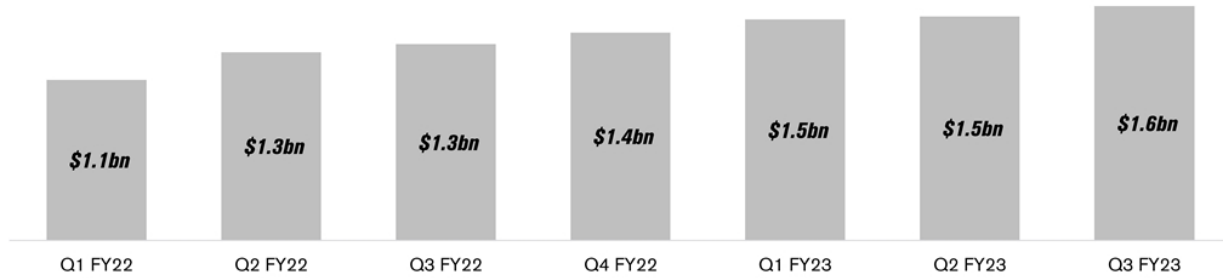
Track Record of Sustainable Growth: FY 23



(1) FY 23 represents a range of management guidance for fiscal year 2023. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. For a reconciliation of Adjusted EBITDA to Net Income, the most directly comparable GAAP financial measure, and the resulting calculation of Adjusted EBITDA Margin, see the appendix.

Proven Strategy with Consistent Visibility

Construction Project Backlog



Historic Rise in Project Backlog

- Approximately 75-85% of backlog is expected to be completed in the next 12 months
- 11 consecutive quarters of growth; generally, however, there is seasonality to the burn/build

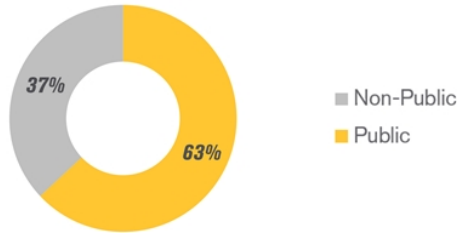


Seasonal, Not Cyclical

Historical Revenue Split⁽¹⁾
by Public vs Non-Public

Not Cyclical -

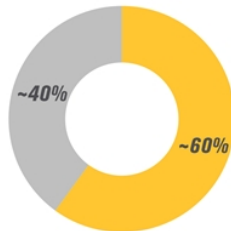
Opportunity to pivot
to high-demand
markets



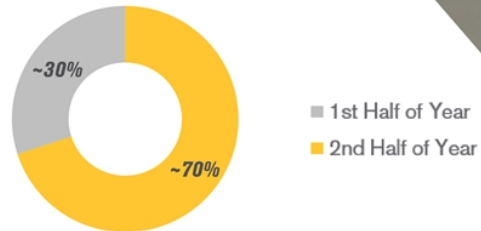
Historical Revenue Split⁽²⁾
by Half Year

Seasonal -

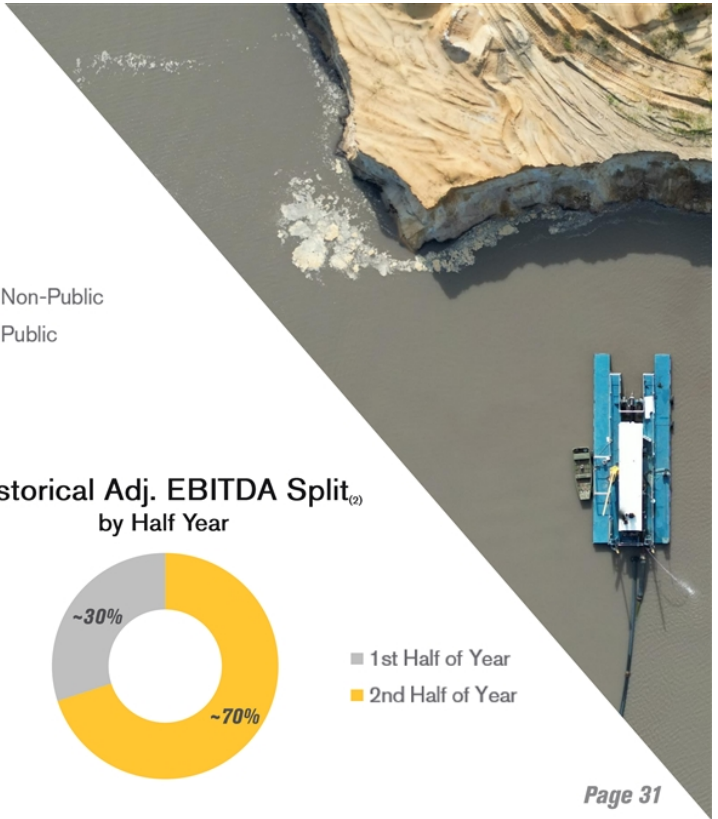
Outdoor operations
impacted by daylight
duration and weather
conditions



Historical Adj. EBITDA Split⁽²⁾
by Half Year



(1) Average of FY 20, FY 21, and FY 22
(2) Based on historical average of internal company data



Strong Cash Flow Conversion Model

Expected record-high FY 23 operating cash flow highlights operational efficiency and organizational emphasis on cash flow generation

Investing in Growth

| | | |
|-----|--|--|
| | Adjusted EBITDA ₍₁₎ | Stable and growing cash flow base with reoccurring revenue sources. Progressing back to double-digit EBITDA margins. |
| (-) | Maintenance Capex (3.25% of Revenue) | |
| (-) | Interest | Predictable maintenance capital requirements on existing asset base; systematic preventative and predictive maintenance program provides for continued spend visibility. |
| (-) | Taxes | |
| (=) | Retained Cash Flow | |
| | Cash Flow Conversion Rate 52% to 60% | High return capital investments to expand margins and grow relative market share. |
| (-) | Cash Flow for Growth Initiatives | |

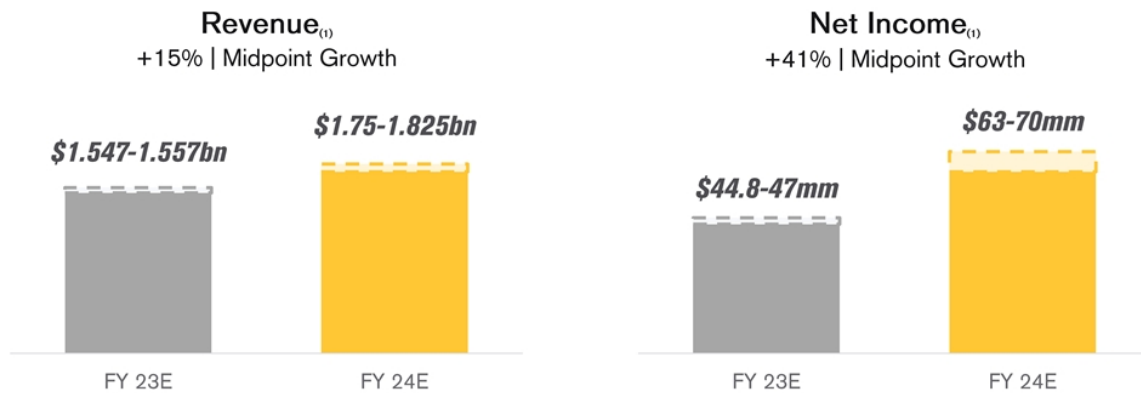
Preliminary FY 23 Cash Flow from Operations

\$155-160mm



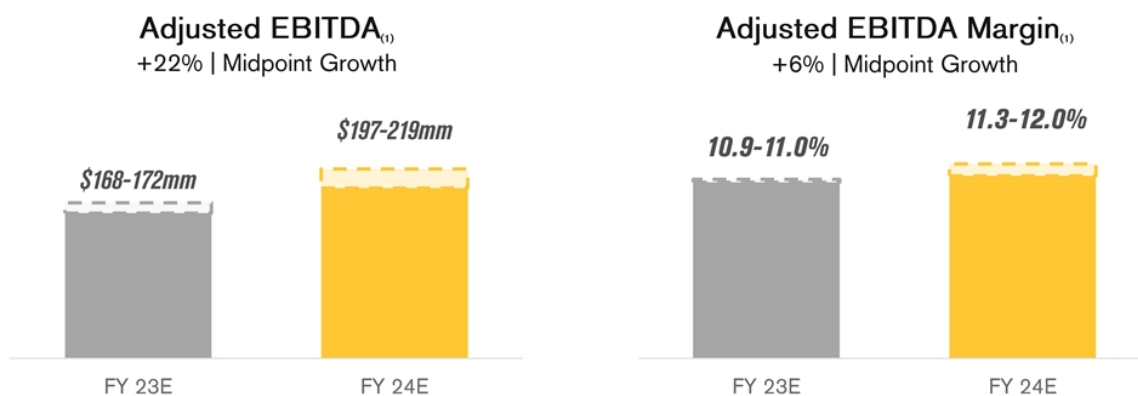
(1) Adj. EBITDA is used as this already has stock-based compensation, management fees, and other nonrecurring/noncash expenses added back

Initial Guidance - FY 24



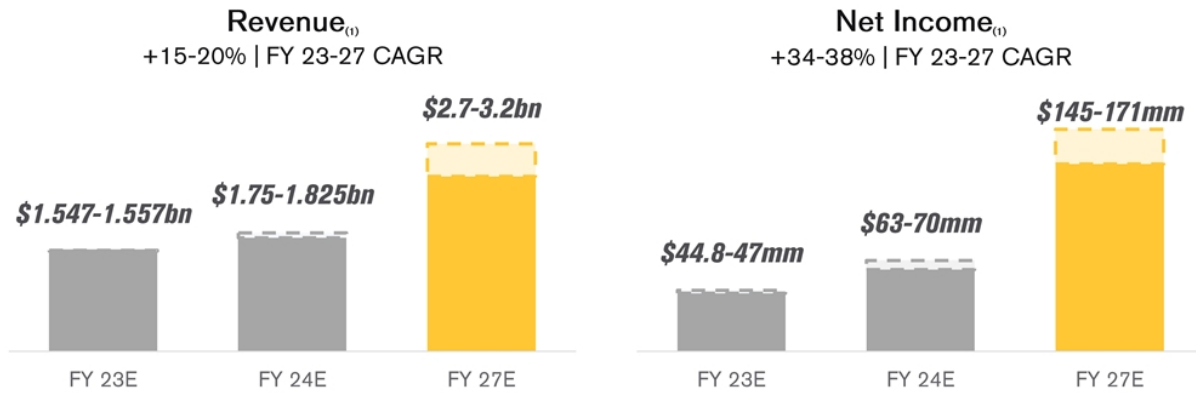
(1) FY 23 and FY 24 represent ranges of management guidance for fiscal years 2023 and 2024.

Initial Guidance - FY 24



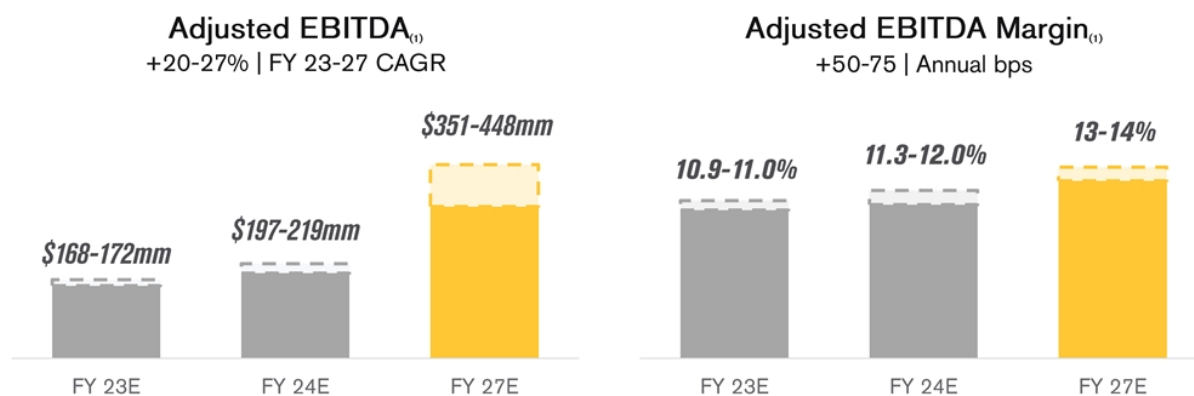
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ROAD-Map 2027



(1) FY 23 and FY 24 represent a range of management guidance for fiscal years 2023 and 2024. FY 27 represents a range of management targets for fiscal year 2027. Key assumptions underlying FY 27 target results include a normal economic and funding environment and M&A activity consistent with recent levels.

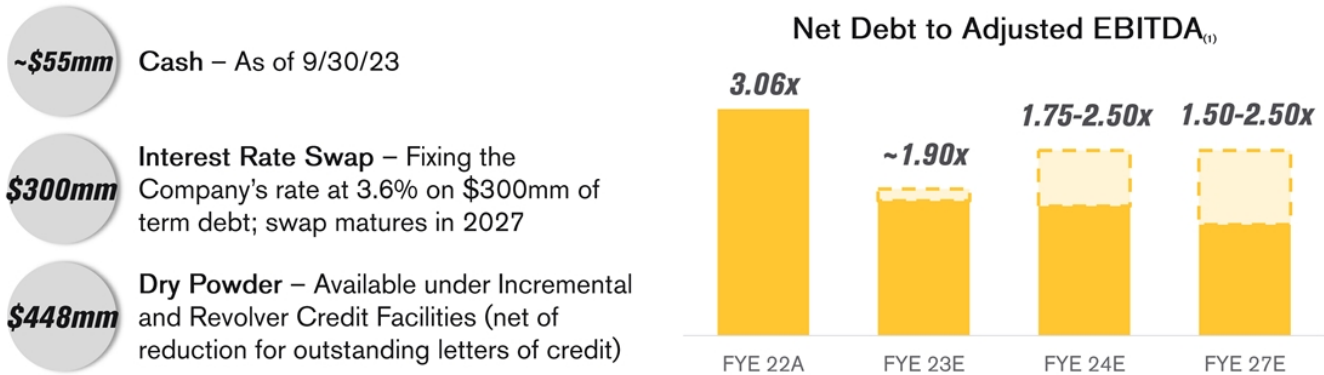
ROAD-Map 2027



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Strong Financial Flexibility for Growth

We see 1.5-2.5x as a healthy leverage ratio for sustained, profitable growth



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Break



Growth: A Core Competency

CONSTRUCTION *PARTNERS* INC.






Nelson Fleming

**VP of Strategy & Business
Development**

Three Levers of Growth - Case Studies

Continuing historical annual revenue growth rate of 15-20% to achieve the targeted \$2.7-3.2bn revenue by 2027

| | | |
|--|--|---|
| Organic ~3x Multiple of EBITDA | Expansion of services or facilities in existing markets <ul style="list-style-type: none">• Paving crews• Utilities crews• Grading crews• Facility upgrades |  |
| Greenfield ~4x Multiple of EBITDA | Establishment of manufacturing facility to enter new market or increase vertical integration <ul style="list-style-type: none">• HMA plants• AC terminals |  |
| Acquisitive ~5-6x Multiple of EBITDA | Acquiring businesses within and in complement to our core business <ul style="list-style-type: none">• Platforms• Bolt-ons• Vertical integration |  |



Case Study: Organic

CPI can increase or enhance its service offerings by developing new crews and adding the necessary equipment to capture more revenue and margin in our existing markets

Typical Mainline Paving Crew

- ~\$2.5mm Investment
- ~\$8mm Annual Revenue
- 10-12 Crew Members
- ~3x Return Multiple



Case Study: Greenfield

HMA greenfields allow CPI to leverage local leadership, market knowledge, and back-office infrastructure to expand into underserved, adjacent geographies at an attractive rate of return

Typical HMA Plant Greenfield

- \$4-8mm Investment
- ~4x Return Multiple



(1) FY 23 and FY 24 represent midpoint of management guidance for fiscal years 2023 and 2024.



Long Acquisitive Runway in Core Business

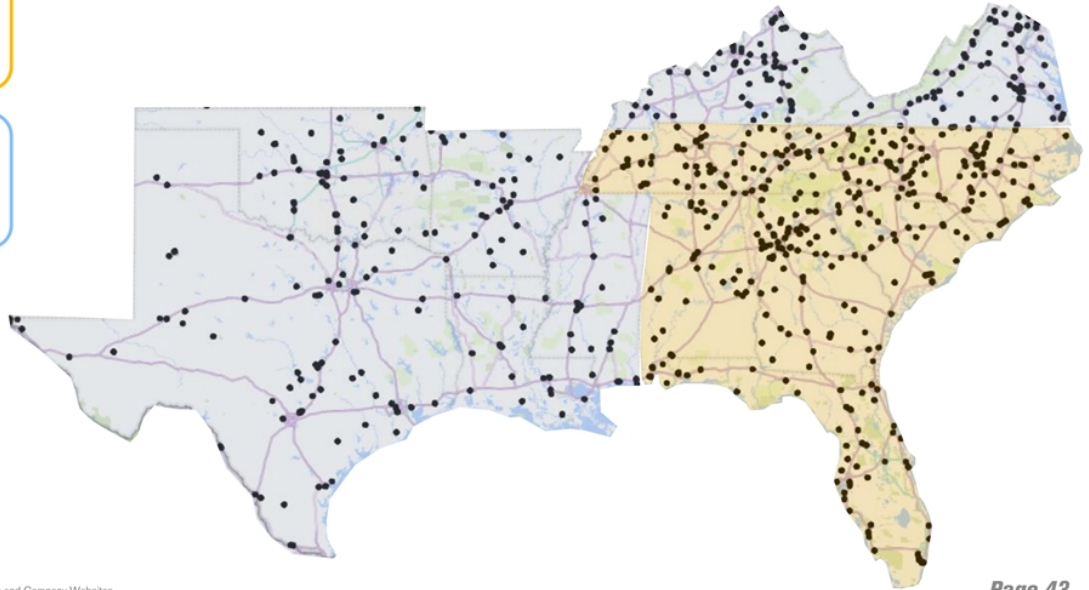
145

Privately Owned Asphalt
Producers in CPI States⁽¹⁾

151

Privately Owned Asphalt
Producers in Nearby States⁽¹⁾

Privately Owned HMA Plants⁽¹⁾



(1) State DOT Qualified Producer Lists and Company Websites

Case Study: Acquisitive



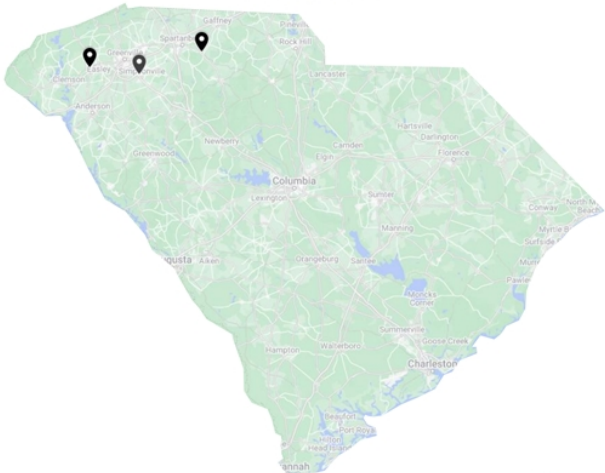
- Acquired South Carolina-based company with a strong management team and well-funded DOT program in the growing Upstate region

158
Headcount

3
HMA Plants



HMA Footprint
October 2021



Case Study: Acquisitive



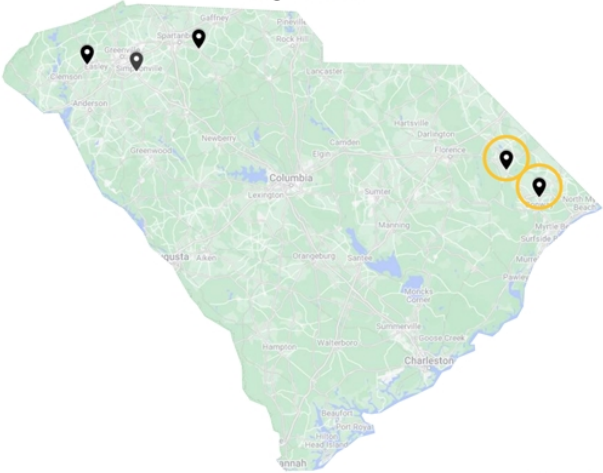
- Geographic expansion of newly-acquired platform company into the fast-growing Myrtle Beach market

5
HMA Plants

Southern Asphalt



HMA Footprint
August 2022



Case Study: Acquisitive

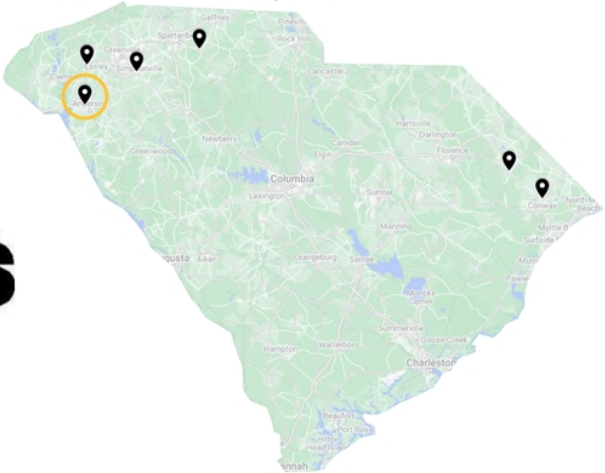


- Geographic expansion in the Upstate with the addition of one HMA plant and multiple crews

6
HMA Plants



HMA Footprint
April 2023



Case Study: Acquisitive



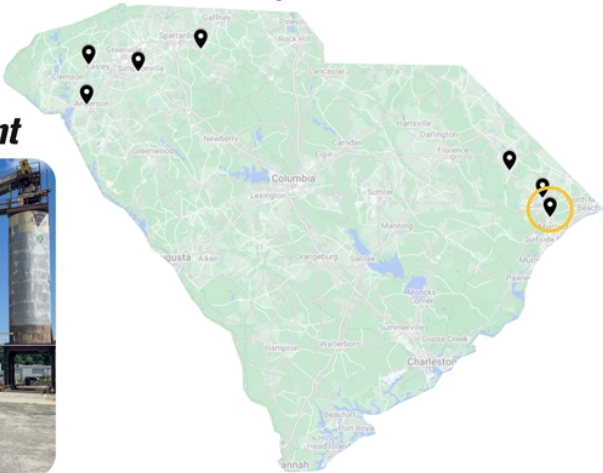
- Acquisition of one HMA plant, providing additional capacity to meet significant local demand in the fastest-growing county in South Carolina⁽¹⁾

7
HMA Plants

Myrtle Beach HMA Plant



**HMA Footprint
August 2023**



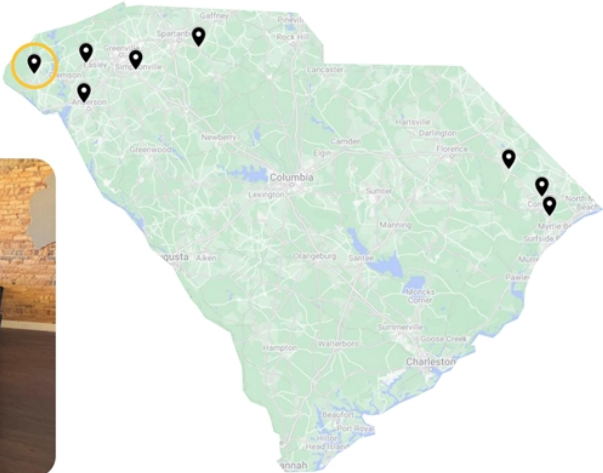
(1) US Census Bureau (2020-2022)

Case Study: Acquisitive



- One-plant operation added on October 2nd, expanding footprint in the Upstate further west

HMA Footprint
October 2023



Hubbard Paving & Grading

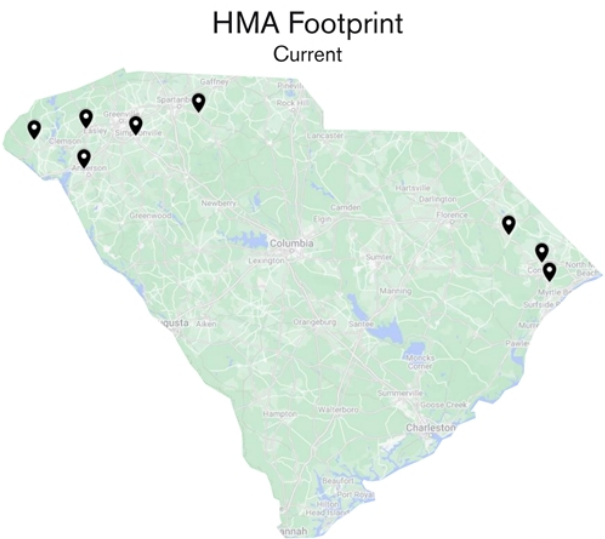
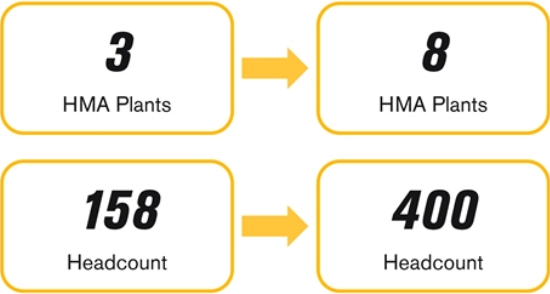
8
HMA Plants



Case Study: Acquisitive



- Within two years, King added five plants to expand to an eight-plant footprint with meaningful white-space and untapped, high-growth metros remaining



Additional Acquisition Opportunities

2,000+

Non-Asphalt Producers
in CPI States⁽¹⁾

Sample Company Types for Vertical Integration



Trucking



Striping



Utilities



Bridges



Earth work



Barriers

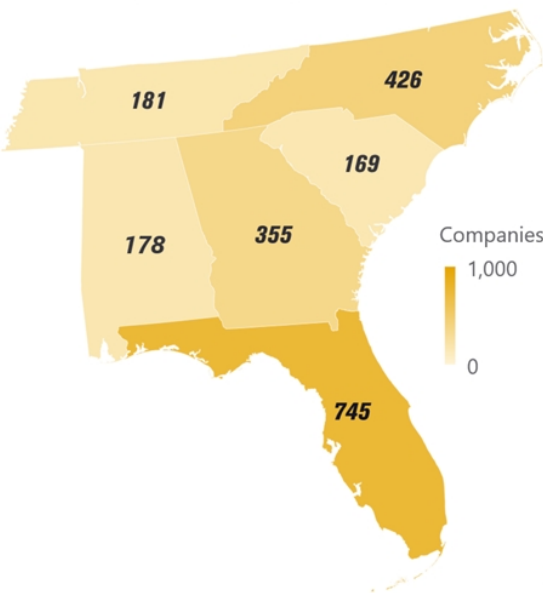


Traffic control



Guard rail

Non-Asphalt Producing Highway, Street,
Bridge, and Utility Companies⁽¹⁾



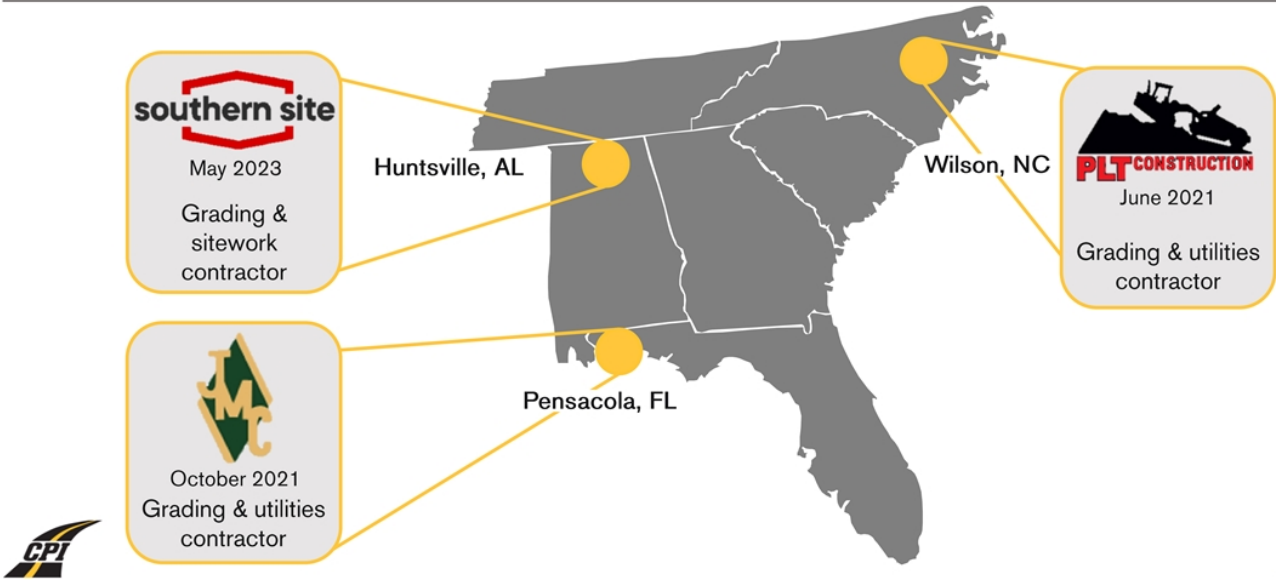
Companies
0
1,000



(1) U.S. Census Bureau, Annual Business Survey Company Summary

Case Study: Vertical Integration - Services

CPI can enhance its service capabilities in existing markets and augment revenue and margin by acquiring “construction-only” contractors at attractive valuations



Panel Discussion

CONSTRUCTION *PARTNERS* INC.



Mike Crenshaw

President King Asphalt



David Ferebee

President Ferebee



Robert Baugnon

VP Personnel &
Administration



Nelson Fleming

VP Strategy & Business
Development

CONSTRUCTION *PARTNERS* INC.

A LEADING INFRASTRUCTURE COMPANY

ROAD-Map 2027



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Q&A

CONSTRUCTION *PARTNERS* INC.



Jule Smith

Chief Executive Officer



Greg Hoffman

Chief Financial Officer

Thank You

A Family of Companies



FRED SMITH COMPANY.
CONSTRUCTION



Appendix



Non-GAAP Financial Measures

Adjusted EBITDA represents net income before, as applicable from time to time, (i) interest expense, net, (ii) provision (benefit) for income taxes, (iii) depreciation, depletion, accretion and amortization, (iv) equity-based compensation expense, (v) loss on the extinguishment of debt and (vi) certain management fees and expenses. Periods commencing subsequent to September 30, 2023 do not include an adjustment for management fees and expenses, which have historically related to the Company's management services agreement with an affiliate of SunTx Capital Partners. Effective October 1, 2023, the term of the management services agreement has been extended to October 28, 2028. As a result of the term extension, the Company no longer views the management fees and expenses paid under the management services agreement as a non-recurring expense. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of revenues for each period. Net Debt represents total long-term debt less cash.

These metrics are supplemental measures of the Company's operating performance that are neither required by, nor presented in accordance with, GAAP. These measures have limitations as analytical tools and should not be considered in isolation or as an alternative to net income or any other performance measure derived in accordance with GAAP as an indicator of the Company's operating performance. The Company presents these metrics because management uses these measures as key performance indicators and believes that securities analysts, investors and others use these measures to evaluate companies in our industry. The Company's calculation of these metrics may not be comparable to similarly named measures reported by other companies. Potential differences may include differences in capital structures, tax positions and the age and book depreciation of intangible and tangible assets.

Except as otherwise set forth herein, we are unable to reconcile forward-looking non-GAAP guidance measures to their nearest GAAP measure because we are unable to predict the timing of these adjustments with a reasonable degree of certainty. By their very nature, special and other non-core items are difficult to anticipate with precision because they are generally associated with unexpected and unplanned events that impact our company and its financial results.

The following tables present a reconciliation of net income, the most directly comparable measure calculated in accordance with GAAP, to Adjusted EBITDA and the calculation of Adjusted EBITDA Margin for the periods presented.



Total Long-Term Debt to Net Debt Reconciliation

Fiscal Year Ended September 30, 2023

| (Unaudited, in thousands) | Fiscal Year Ended September 30, 2023 Preliminary Results | |
|---------------------------|---|------------|
| | Low | High |
| Total long-term debt | \$ 376,850 | \$ 376,850 |
| Less: Cash | 55,000 | 55,000 |
| Net Debt | 321,850 | 321,850 |
| Adjusted EBITDA | \$ 165,000 | \$ 170,000 |
| Leverage Ratio | 1.92x | 1.87x |



Net Income to Adjusted EBITDA Reconciliation

Fiscal Years Ended September 30, 2022 and 2021

| (In thousands) | For the Fiscal Year Ended September 30, | |
|--|--|-----------|
| | 2022 | 2021 |
| Net income | \$ 21,376 | \$ 20,177 |
| Interest expense, net | 7,701 | 2,404 |
| Provision for income taxes | 6,915 | 8,349 |
| Depreciation, depletion, accretion and amortization | 65,730 | 49,806 |
| Equity-based compensation expense | 8,000 | 3,549 |
| Management fees and expenses ⁽¹⁾ | 1,451 | 1,935 |
| Settlement of legal claim and associated legal expenses ⁽²⁾ | — | 4,362 |
| Adjusted EBITDA | \$ 111,173 | \$ 90,582 |
| Adjusted EBITDA Margin | 8.5% | 9.9% |



- (1) Reflects fees and reimbursement of certain out-of-pocket expenses under a management services agreement with an affiliate of SunTx Capital Partners, the Company's controlling stockholder.
- (2) Reflects a \$3.2 million legal settlement and associated legal expenses unrelated to the Company's core operations.

Net Income to Adjusted EBITDA Reconciliation

Fiscal Year 2023 Updated Outlook

| (Unaudited, in thousands) | Fiscal Year Ended September 30, 2023 Preliminary Results | |
|---|---|------------|
| | Low | High |
| Net income | \$ 44,800 | \$ 47,000 |
| Interest expense, net | 18,400 | 18,600 |
| Provision for income taxes | 15,000 | 15,800 |
| Depreciation, depletion, accretion and amortization | 78,200 | 78,600 |
| Equity-based compensation expense | 10,100 | 10,400 |
| Management fees and expenses ⁽¹⁾ | 1,500 | 1,600 |
| Adjusted EBITDA | \$ 168,000 | \$ 172,000 |
| Adjusted EBITDA Margin | 10.9% | 11.0% |



(1) Reflects fees and reimbursement of certain out-of-pocket expenses under a management services agreement with an affiliate of SunTx Capital Partners, the Company's controlling stockholder.

Net Income to Adjusted EBITDA Reconciliation

Fiscal Year 2024 Outlook

| (Unaudited, in thousands) | For the Fiscal Year Ended September 30, 2024 | |
|---|---|------------|
| | Low | High |
| Net income | \$ 63,000 | \$ 70,000 |
| Interest expense, net | 18,000 | 20,500 |
| Provision for income taxes | 21,200 | 23,600 |
| Depreciation, depletion, accretion and amortization | 83,600 | 93,100 |
| Equity-based compensation expense | 11,200 | 11,800 |
| Adjusted EBITDA | \$ 197,000 | \$ 219,000 |
| Adjusted EBITDA Margin | 11.3% | 12.0% |

