

Bowman

Q3 2023 EARNINGS CALL | NOVEMBER 7, 2023 | NASDAQ: BWMN



BUILDING INFRASTRUCTURE



TRANSPORTATION



POWER & UTILITIES



ENERGY



WATER RESOURCES

Last updated: 11/07/23 at 5:30 pm ET

Disclaimer



Please note that many of the comments made today are considered forward-looking statements under federal securities laws.

As described in our filings with the SEC, these statements are subject to numerous risks and uncertainties that could cause future results to differ from those expressed, and we are not obligated to publicly update or revise these forward-looking statements. In addition, on today's call, we will discuss certain non-GAAP financial information such as Adjusted EBITDA and Net Service Billing.

You can find this information, together with the reconciliations to the most directly comparable GAAP information in yesterday's earnings press release and our 8-K filed with the SEC and on our website at [bowman.com](https://www.bowman.com).

Q3 2023 Conference Call

Gary Bowman

Chairman & CEO

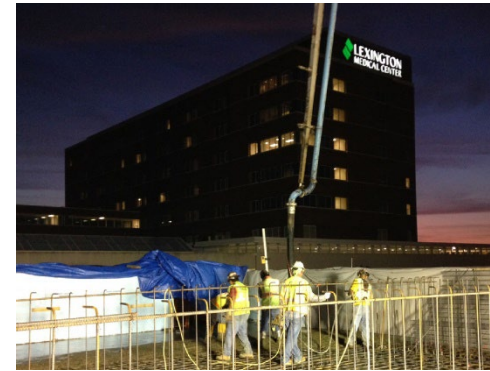
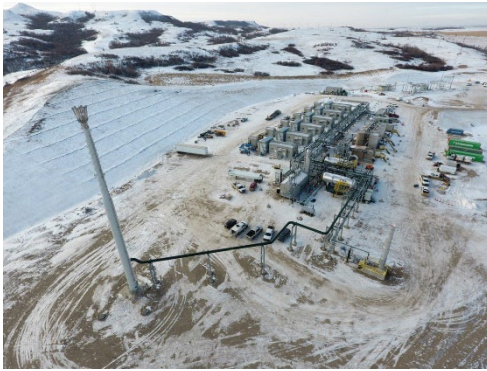
Bruce Labovitz

Chief Financial Officer

Highlights & Insights – Q3 2023

- \$94.4 million Gross Revenue, up 33% from Q3 2022
- \$82.1 million Net Revenue, up 27% from Q3 2022
- Adjusted EBITDA of \$15.1 Million, up 57% from Q3 2022
- Adjusted EBITDA margin, net of 18.3%
- Backlog growth of 30% YoY
- YTD organic Net-Service Billing growth of 20%
- Successfully diversifying revenue sources
- M&A pipeline full with two acquisitions completed subsequent to Q3

Acquisition Overview – Recently Closed Transactions



**CIVIL, ELECTRICAL, OIL & GAS,
MECHANICAL & STRUCTURAL ENGINEERING
AUTOMATION & CONTROLS**

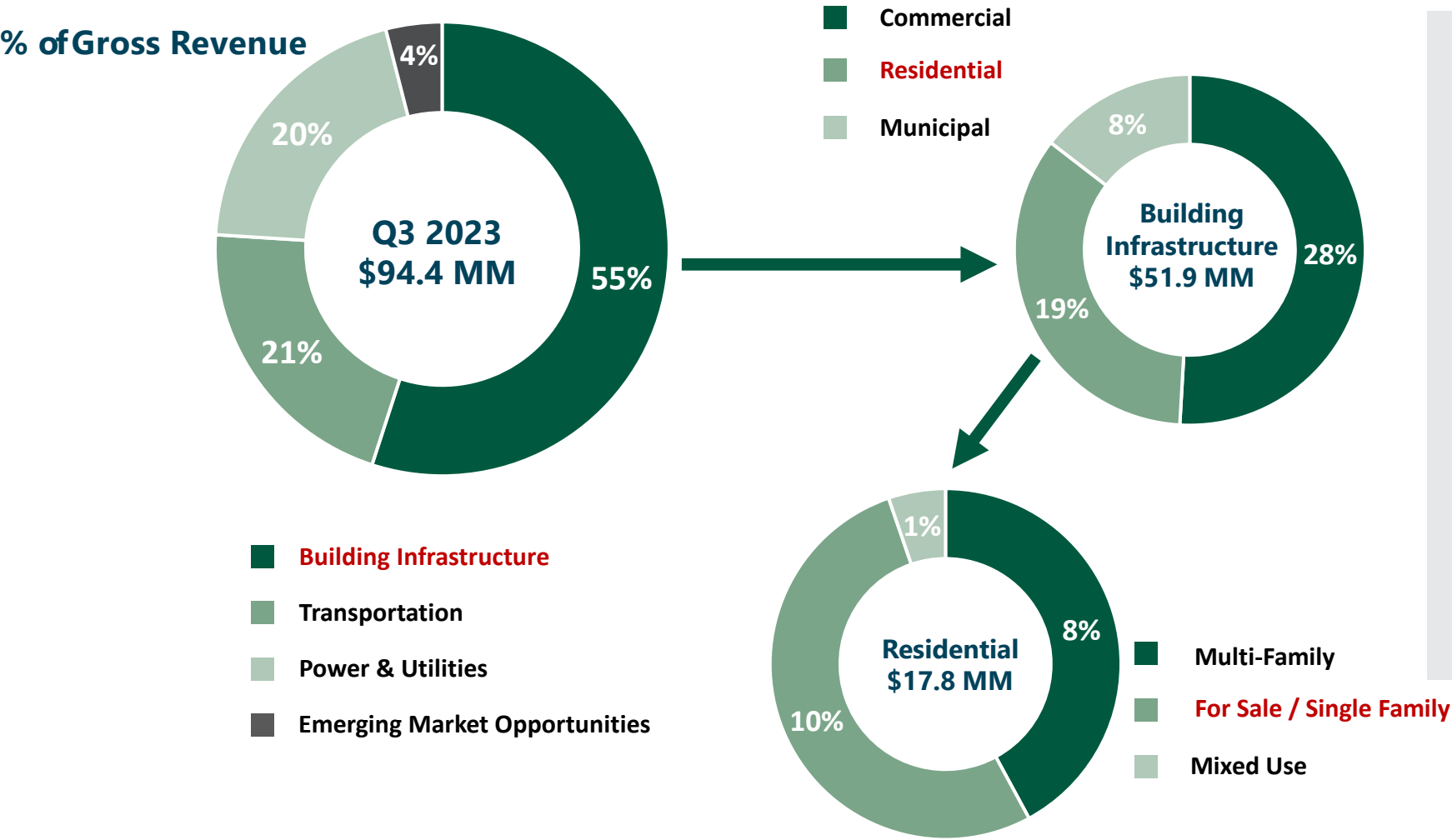
**ENGINEERING, PLANNING, TRANSPORTATION,
WATER RESOURCES, ENVIRONMENTAL,
CONSTRUCTION MANAGEMENT**

- 24 completed acquisitions since IPO
- FY'22 bought ~\$60 million of net service billing – 8 acquisitions

- YTD'23 bought >\$45 million of net service billing – 7 acquisitions
- Added approximately 330 new professionals from FY'23 acquisitions

- Experiencing revenue synergy success through integration
- Increasing utilization through work-sharing and collaboration

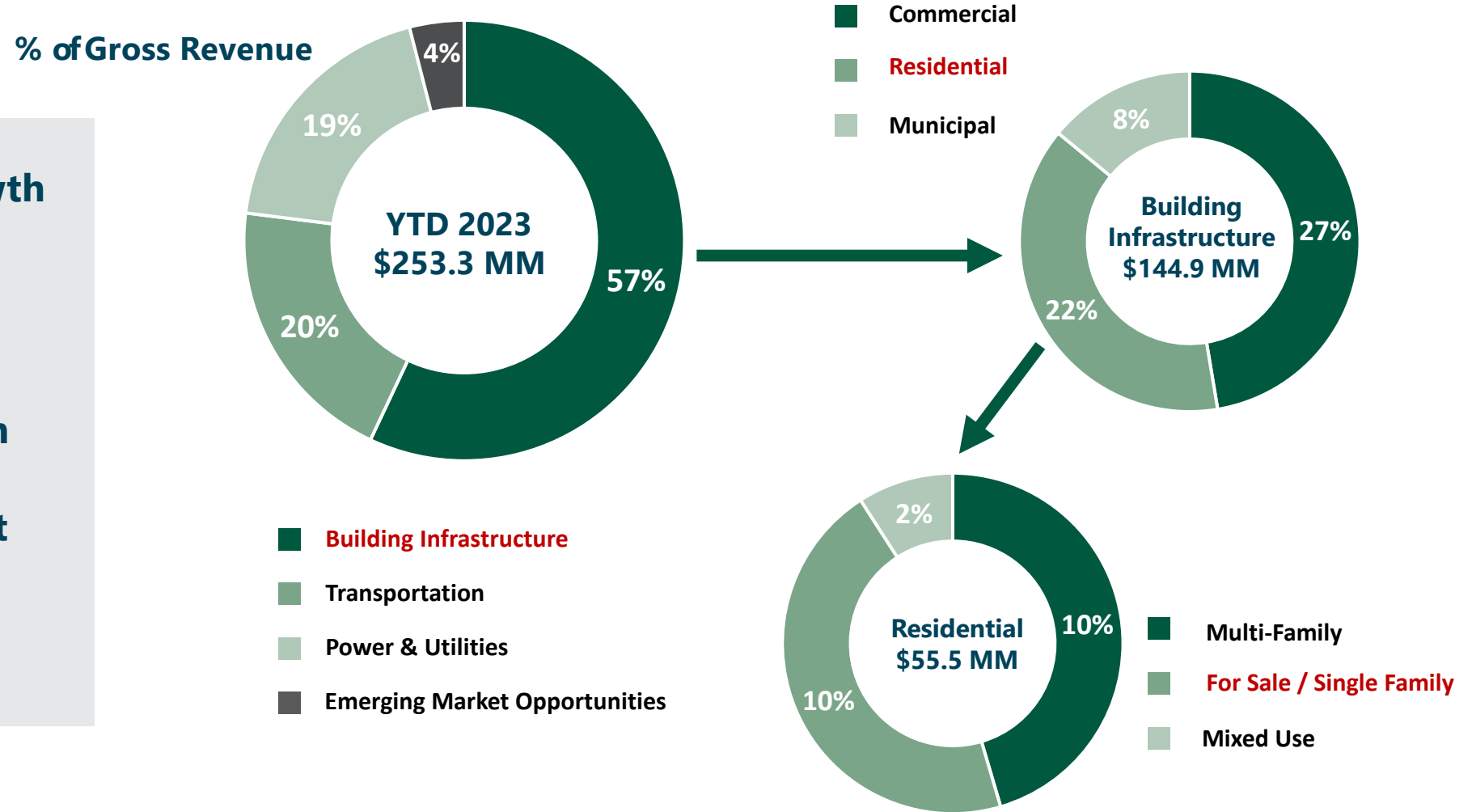
Q3 2023 Highlights – Revenue Composition



- 33% Gross Revenue Growth
- 11% Organic Growth in Gross Revenue
- 27% Net Revenue Growth
- 9% Organic Growth in Net Revenue
- 30% YoY Backlog Growth

YTD 2023 Highlights – Revenue Composition

- 36% Gross Revenue Growth
- 22% Organic Growth in Gross Revenue
- 32% Net Revenue Growth
- 20% Organic Growth in Net Revenue
- 23% YTD Backlog Growth



Financial Highlights

Q3 2023 Compared To Q3 2022

Dollars in Millions

For the Three Months Ended September 30,

	2023	2022	Change
Gross Contract Revenue	\$94.4	\$71.2	+33%
Net Service Billing ¹	\$82.1	\$64.9	+27%
Gross Margin	51.6%	52.3%	-70 bps
SG&A % of GCR	44.2%	44.8%	-60 bps

Dollars in Millions

For the Three Months Ended September 30,

	2023	2022	Change
Adjusted Net Income Attributable to Common Shareholders ¹	\$4.7	\$5.4	-14%
Adjusted EPS ¹ (diluted)	\$0.34	\$0.46	-22%
Adjusted EBITDA ¹	\$15.1	\$9.6	+57%
Adjusted EBITDA Margin, Net ¹	18.3%	14.8%	+350 bps

¹ Non-GAAP financial metrics — See Non-GAAP tables in the corresponding press release for reconciliations

Financial Highlights

First Nine Months of 2023 Compared To First Nine Months of 2022

Dollars in Millions

For the Nine Months Ended September 30,

	2023	2022	Change
Gross Contract Revenue	\$253.3	\$186.1	+36%
Net Service Billing ¹	\$223.5	\$169.0	+32%
Gross Margin	51.0%	51.4%	-40 bps
SG&A % of GCR	44.9%	44.5%	+40 bps

Dollars in Millions

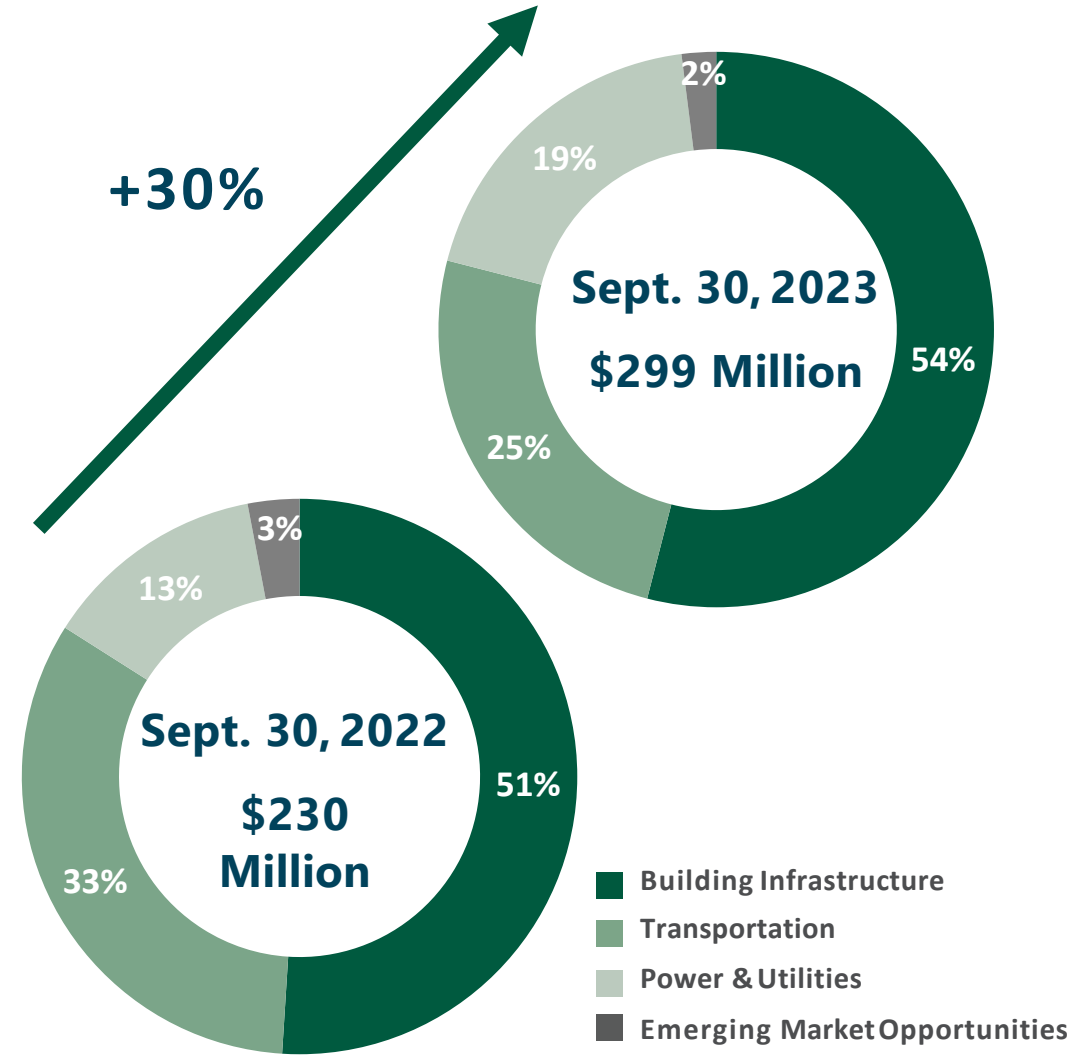
For the Nine Months Ended September 30,

	2023	2022	Change
Adjusted Net Income Attributable to Common Shareholders ¹	\$9.8	\$10.9	-11%
Adjusted EPS ¹ (diluted)	\$0.73	\$0.98	-26%
Adjusted EBITDA ¹	\$35.8	\$24.6	+45%
Adjusted EBITDA Margin, Net ¹	16.0%	14.6%	+140 bps

¹ Non-GAAP financial metrics — See Non-GAAP tables in the corresponding press release for reconciliations

Gross Backlog

Civil & Site Engineering	Construction Management	Energy Efficiency	Electrical Engineering
Facility Commissioning	Geospatial Engineering	Landscape Architecture	Land/Easement Procurement
Plumbing Engineering	Structural Engineering	Surveying	Transportation Engineering
Environmental Consulting	Mechanical Engineering	Water Resources	Right-of-Way



Balance Sheet, Tax, and Capitalization

Cash & Leverage

- \$14 Million Cash on Hand
- \$53 Million Net Debt
- 1.2x Net Leverage Ratio – T4Qs
- \$22 Million Net from Operating Activities prior to working capital changes *(includes uncertain tax position)*

Capital Structure

- Bank of America Revolver – \$70 million facility
- Limited Exposure to interest rate volatility – blended rate of 6.6% on all debt
- 14.6 Million total outstanding shares including all unvested restricted stock grants
- Low Cap Ex - \$2.1 Million of Capital Asset Investment
- M&A consideration remains cash, seller notes, and equity



Introducing Non-GAAP Adjusted EPS - Basic

BASIC ADJUSTED EPS

For the Three Months Ended September 30,

For the Nine Months Ended September 30,

	2023	2022
Earnings per share (GAAP)	\$0.08	\$0.26
Pre-tax basic per share adjustments	\$0.38	\$0.16
Adjusted EPS before tax expense	\$0.46	\$0.42
Tax expense (benefit) per share adjustment	\$0.05	\$(0.14)
Adjusted EPS - adjusted net income	\$0.41	\$0.56
Adjusted EPS allocated to non-vested shares	\$0.05	\$0.08
Adjusted EPS attributable to common shares	\$0.36	\$0.48

	2023	2022
Earnings per share (GAAP)	\$0.08	\$0.36
Pre-tax basic per share adjustments	\$0.97	\$0.78
Adjusted EPS before tax expense	\$1.05	\$1.14
Tax expense (benefit) per share adjustment	\$0.14	\$(0.08)
Adjusted EPS - adjusted net income	\$0.91	\$1.22
Adjusted EPS allocated to non-vested shares	\$0.12	\$0.20
Adjusted EPS attributable to common shares	\$0.79	\$1.02

Guidance

Narrowing FY 2023 Guidance

Issued	FY 2023 Net Revenue	Adjusted EBITDA
November 2022	\$270 - \$290 MM	\$42 - \$48 MM
March 2023	\$280 - \$295 MM	\$43 - \$49 MM
May 2023	\$285 - \$300 MM	\$44 - \$50 MM
August 2023	\$300 - \$315 MM	\$47 - \$52 MM
November 2023	\$306 - \$312 MM	\$48 - \$52 MM






Introducing FY 2024 Guidance

Issued	FY 2023 Net Revenue	Adjusted EBITDA
November 2023	\$345 - \$360 MM	\$56 - \$62 MM

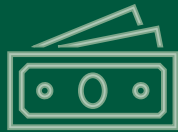
Guidance Includes Acquisitions Completed to Date Only

End Market Highlights

Q3 2023 – % Gross Revenue | YoY % Change

55.0% +16% YoY	21% + 50% YoY	20% + 111% YoY		4% -6% YoY
				
<p>BUILDING INFRASTRUCTURE</p> <ul style="list-style-type: none"> • Commercial • Industrial • Municipal • Fulfillment Centers • Quick Service Restaurants • Residential • Build-for-Rent • Other 	<p>TRANSPORTATION INFRASTRUCTURE</p> <ul style="list-style-type: none"> • Inroads with FDOT and RIDOT and other DOTs • Pennsylvania Turnpike Commission – Allegheny Tunnel Transportation Improvement Project • Mobile mapping for interstate highways • Canadian Railway Assignment in Illinois 	<p>POWER & UTILITIES</p> <ul style="list-style-type: none"> • Undergrounding (Pike, Florida Power & Light, Tampa Electric) • Expanded gas pipeline services in Nevada • Expanding engagement with SDG&E 	<p>ENERGY SERVICES</p> <ul style="list-style-type: none"> • Renewable Energy Solutions Provider <ul style="list-style-type: none"> • Solar • Battery Storage • EV Charging Stations • Pattern Energy - Wind Energy Project Engineering and Design 	<p>MINING & WATER RESOURCES</p> <ul style="list-style-type: none"> • Civil Engineering and Mine Infrastructure Services • Copper and Aggregates • Geospatial Capabilities for Industrial Minerals, Cement and Aggregates • Water, Wastewater, Water Reclamation Services Pilot • Fairfax County Stormwater

Key Initiatives



Investing in Geospatial

Currently operating with ground level and low-altitude technologies

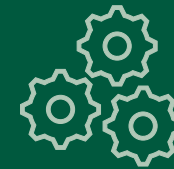
Significant investment in high resolution imaging, 3-D modelling and mobile mapping



Leverage Technology for Margin

Identify disruptive technologies that will accelerate iteration and expand margin

Utilize generative design technologies; digital twin systems and models; GIS applications to advance customer deliverables



M&A Adjacencies

Focus acquisition strategy on complementary enterprises that provide revenue synergy

Maximize utilization through commitment to work-sharing

Commit to being a fully integrated operation

A photograph of two workers in safety gear (hard hats and high-visibility vests) standing in a solar farm. The worker on the right is pointing towards the solar panels. In the background, there are wind turbines under a clear blue sky. The scene is brightly lit, suggesting a sunny day.

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N A S D A Q : B W M N

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B O W M A N C O N S U L T I N G G R O U P L T D .



APPENDIX

Reconciliation of GAAP to Non-GAAP Financials Measures

Adjusted EBITDA Reconciliation (Dollars in Thousands)

For the Three Months Ended September 30

	2023	2022
Net Income (loss)	\$1,183	\$3,397
+Interest Expense	1,538	538
+Depreciation & Amortization	4,500	3,138
+Tax (Benefit) Expense	(62)	(1,773)
EBITDA	\$7,159	\$5,300
+Non-Cash Stock Compensation	7,158	4,214
+Transaction-Related Expenses	63	--
+Settlements & Other Non-Core Expenses	560	--
+Acquisition Expenses	117	110
Adjusted EBITDA	\$15,057	\$9,624
Adjusted EBITDA Margin, Net	18.3%	14.8%

Reconciliation of GAAP to Non-GAAP Financials Measures

EPS To Adjusted EPS Reconciliation (Dollars in Thousands)

For the Three Months Ended September 30

	2023	2022
Net Income (GAAP)	\$1,183	\$3,397
+Tax Expense (Benefit) (GAAP)	(62)	(1,773)
Income (Loss) Before Tax Expense (GAAP)	\$1,121	\$1,624
+Acquisition Related Expenses	555	391
+Amortization Of Intangibles	1,948	743
+Non-Cash Stock Comp Related To Pre-IPO	1,744	2,060
+Other Non-Core Expenses	560	--
Adjusted Income Before Tax Expense	\$5,928	\$4,818
Adjusted Income Tax (Benefit) Expense	620	(1,555)
Adjusted Net Income	\$5,308	\$6,373
Adjusted Earnings Allocated To Non-Vested Shares	655	947
Adjusted Net Income Attributable To Common Shareholders	\$4,653	\$5,426

Non-GAAP Adjusted EPS - Dilutive

DILUTIVE ADJUSTED EPS

For the Three Months Ended September 30,

For the Nine Months Ended September 30,

	2023	2022
Earnings per share (GAAP)	\$0.08	\$0.25
Pre-tax basic per share adjustments	\$0.35	\$0.16
Adjusted EPS before tax expense	\$0.43	\$0.41
Tax expense (benefit) per share adjustment	\$0.04	\$(0.13)
Adjusted EPS - adjusted net income	\$0.39	\$0.54
Adjusted EPS allocated to non-vested shares	\$0.05	\$0.08
Adjusted EPS attributable to common shares	\$0.34	\$0.46

	2023	2022
Earnings per share (GAAP)	\$0.07	\$0.34
Pre-tax basic per share adjustments	\$0.89	\$0.76
Adjusted EPS before tax expense	\$0.96	\$1.10
Tax expense (benefit) per share adjustment	\$0.12	\$(0.07)
Adjusted EPS - adjusted net income	\$0.84	\$1.17
Adjusted EPS allocated to non-vested shares	\$0.11	\$0.19
Adjusted EPS attributable to common shares	\$0.73	\$0.98

Q1 & Q2 2023 Non-GAAP Adjusted EPS - Updated

ADJUSTED EPS

BASIC

DILUTIVE

	Q1 2023	Q2 2023	Q1 2023	Q2 2023
Earnings per share (GAAP)	\$0.04	(\$0.05)	\$0.04	(\$0.05)
Pre-tax basic per share adjustments	\$0.32	\$0.27	\$0.30	\$0.25
Adjusted EPS before tax expense	\$0.36	\$0.22	\$0.34	\$0.20
Tax expense (benefit) per share adjustment	\$0.04	\$0.04	\$0.04	\$0.05
Adjusted EPS - adjusted net income	\$0.32	\$0.18	\$0.30	\$0.15
Adjusted EPS allocated to non-vested shares	\$0.04	\$0.03	\$0.04	\$0.02
Adjusted EPS attributable to common shares	\$0.28	\$0.15	\$0.26	\$0.13

Reconciliation of GAAP to Non-GAAP Financials Measures

EPS To Adjusted EPS Reconciliation (Dollars in Thousands)

For the Three Months Ended September 30

	2023	2022
Earnings Per Share (GAAP)		
Basic	\$0.08	\$0.26
Diluted	\$0.08	\$0.25
Adjusted Earnings Per Share (Non-GAAP)		
Basic	\$0.36	\$0.48
Diluted	\$0.34	\$0.46
Weighted Average Shares Outstanding		
Basic	12,814,971	11,304,946
Diluted	13,793,120	11,768,411

Reconciliation of GAAP to Non-GAAP Financials Measures

Gross Revenue to Net Service Billing Reconciliation (Dollars in Thousands)

For the Three Months Ended September 30

	2023	2022
Gross Contract Revenue	\$94,434	\$71,246
Less: Sub-Consultants and Other Direct Expenses	\$12,310	\$6,343
Net Service Billing	\$82,124	\$64,903