



# Earnings Presentation

Third Quarter 2024

November 2024

*Building a Sustainable and Resilient Water Future*



# Disclaimer



This presentation is being delivered on behalf of Shimmick Corporation (the “Company”). The sole purpose of this presentation is to provide information in connection with a review of the Company’s operations and/or financial status. This presentation does not purport to be all-inclusive or to contain all of the information that prospective investors may desire in reviewing the Company.

Other than statements of historical fact, all information contained in this presentation, including, but not limited to, statements regarding expected future financial performance (including the assumptions related thereto), including our revenue, net income and expected EBITDA; our growth prospects; our expectations regarding profitability; our continued successful adjustment to being a public company following our initial public offering; our expectations regarding successful partnerships with our new investors; our capital plans and expectations related thereto; and our statements regarding our CEO transition are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “plan”, “predict”, “expect”, “estimate”, “anticipate”, “could”, “intend”, “target”, “project”, “contemplate”, “potential”, “continue”, “goal”, “strategy”, “believe”, and similar expressions and variations thereof or the negative of these terms. The Company has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including but not limited to, the following: our ability to accurately estimate risks, requirements or costs when we bid on or negotiate a contract; the impact of our fixed-price contracts; qualifying as an eligible bidder for contracts; the availability of qualified personnel, joint venture partners and subcontractors; inability to attract and retain qualified managers and skilled employees and the impact of loss of key management; higher costs to lease, acquire and maintain equipment necessary for our operations or a decline in the market value of owned equipment; subcontractors failing to satisfy their obligations to us or other parties or any inability to maintain subcontractor relationships; marketplace competition; our limited operating history as an independent company following our separation from AECOM; our inability to obtain bonding; our relationship and transactions with our prior owner, AECOM, and requirements to make future payments to AECOM; AECOM defaulting on its contractual obligations to us or under agreements in which we are beneficiary; our limited number of customers; dependence on subcontractors and suppliers of materials; any inability to secure sufficient aggregates; an inability to complete a merger or acquisition or to integrate an acquired company’s business; adjustments in our contact backlog; accounting for our revenue and costs involves significant estimates, as does our use of the input method of revenue recognition based on costs incurred relative to total expected costs; any failure to comply with covenants under any current indebtedness, and future indebtedness we may incur; our expectations regarding the proposed sale of the assets related to non-core foundation drilling projects and other non-core assets; the adequacy of sources of liquidity; cybersecurity attacks against, disruptions, failures or security breaches of, our information technology systems; seasonality of our business; pandemics and health emergencies; commodity products price fluctuations and inflation and/or elevated interest rates; liabilities under environmental laws, compliance with immigration laws, and other regulatory matters, including changes in regulations and laws; climate change; deterioration of the U.S. economy; uncertain political conditions (including as a result of the 2024 elections), geopolitical risks, including those related to the war between Russia and Ukraine, the conflict in the Gaza strip and the conflict in the Red Sea region; and other risks detailed in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our Annual Report on Form 10-K for the fiscal year ended December 29, 2023 and those described from time to time in our future reports with the SEC. Moreover, the Company operates in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for the Company to predict all risks, nor can it assess the effect of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements it may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements are only predictions based on our current expectations and our projections about future events, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law.

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This presentation is not an offer to sell, or a solicitation of an offer to buy, any securities of the Company in any jurisdiction.

# Company Overview



## Water Solutions Leader

We rank as a top 10 water solutions provider<sup>(1)</sup>. With a dedicated team of 1,300+ skilled employees<sup>(2)</sup>, we have built a strong team, reputation and competitive position.



## Vertically Integrated

We are vertically integrated and often self-perform 80% or more of our projects, which allows for better labor cost control and monitoring, as well as more accurate bids.



## Established Customer Base and Focus on California

Over 75% of three-month revenue derived from repeat customers. We focus on California, which has a complex permitting and regulatory environment, creating barriers to entry.



## Publicly-Funded Backlog

\$834 million predominantly publicly-funded backlog and limited financial leverage.

**\$834M**  
Backlog

**75%+**  
Of Q3'24 Revenue from  
Repeat Customers

**1,300+**  
Employees<sup>(2)</sup>

**\$60+ billion**  
Water Infrastructure  
Market Opportunity

(1) Rankings for "Dams and Reservoirs," "Water Supply," and "Water Treatment and Desalination Plants" published in Engineering News Record, September 2024.

(2) As of December 29, 2023



# Third Quarter 2024 and Recent Highlights

- **Settlement in the Company's Golden Gate Bridge ("GGB") Project which will result in \$97 million of cash collected before the end of 2024 and is the last major outstanding legal claim related to its Legacy Projects.**
- **Hired Ural Yal as CEO to replace Steve Richards, who is retiring after a 43 year career. Ural has extensive knowledge of both the California and the water and critical infrastructure market and is well qualified to lead Shimmick into this next chapter. Ural will be starting with Shimmick December 2, 2024.**
- **Reported revenue of \$166 million, which includes \$101 million of Shimmick Project revenue.**
- **Reported Shimmick Project gross margin of 6% for the quarter, the highest gross margin reported year-to-date.**
- **Recognized a net loss of \$2 million and Adjusted EBITDA of \$30 million.**
- **Backlog is over \$834 million as of September 27, 2024, with over 85% being Shimmick Projects.**
- **Continued to execute on Transformation Plan.**

(1) Projects that started after the AECOM Sale Transactions are referred to as "Shimmick Projects".

(2) Legacy Projects are those projects assumed as part of the AECOM Sale Transactions, that were started under AECOM ownership



# Golden Gate Bridge Project Settlement

- Settlement between a joint venture of the Company, Shimmick/Danny's Joint Venture ("SDJV"), and the Golden Gate Bridge, Highway and Transportation District (the "District").
- Proceeds of \$97 million, a contract change order for reduced scope of work of \$6.0 million, and a contract change order for extension of project completion and costs incurred on the GGB Project.
- The District is required to pay SDJV \$97 million before the end of 2024.
- Remaining proceeds to be used for ongoing operations, and completion of the GGB Project.
- Expected to reach substantial completion of its onsite portions of the project in the third quarter of 2025





# Selected Project Highlights

## KEY PROJECT STATISTICS

(AS OF OCTOBER 31, 2024)

*Location* **STOCKTON, CA**

*Contract Value* **\$49.4 MILLION**

*Percent Complete* **100%**

*Start Date* **JULY 2020**

## SMITH CANAL GATE PROJECT

### Shimmick Solution

The Smith Canal Gate Project in Stockton, California, addressed critical flood protection needs for the San Joaquin area. Identified as a high-risk flood zone, this region required a solution that would reduce flood vulnerability and meet FEMA's 100-year flood protection standards.

Shimmick's solution included constructing a fixed cellular sheet pile floodwall along the San Joaquin River, a miter gate structure with temporary in-water works and shoring, improvements to Dad's Point, and enhanced access to the Stockton Golf and Country Club. Together, these elements protect the canal from high water events while allowing essential access for boaters during normal conditions.

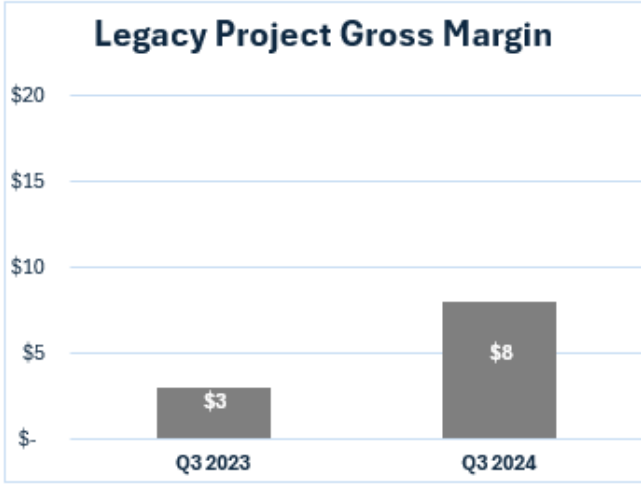
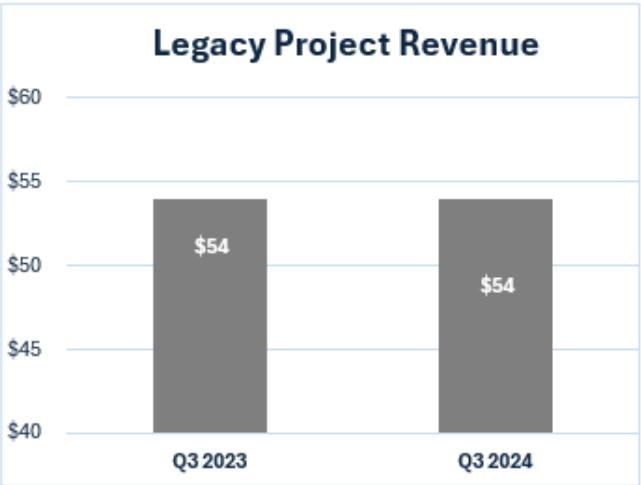
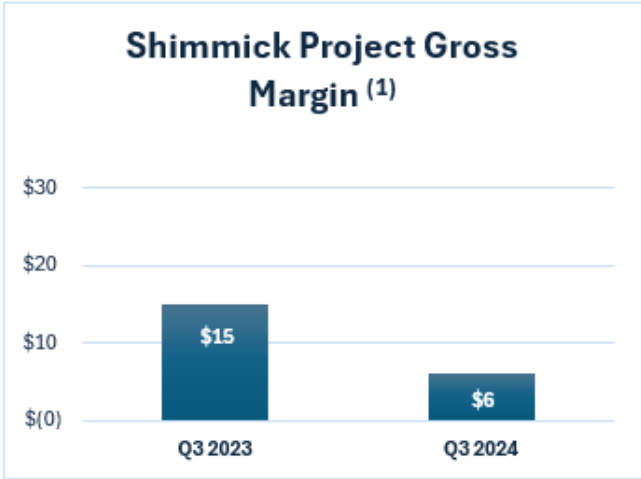
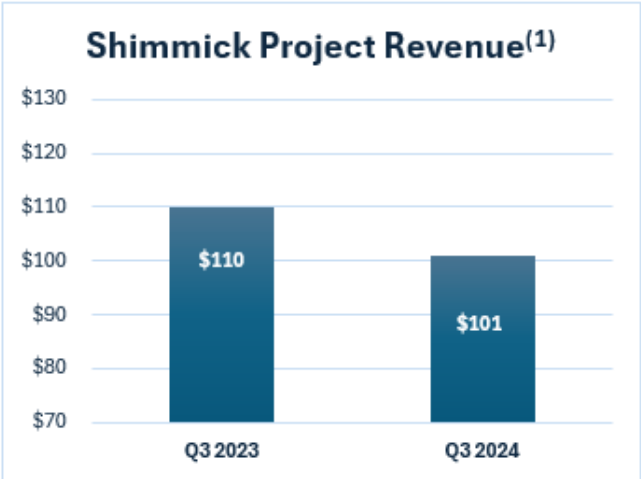
### Status

With the project now recently completed, these improvements significantly enhance Stockton's flood resilience, protecting homes and businesses from high water events while meeting state and federal standards. The Smith Canal Gate infrastructure will enable FEMA accreditation, removing mandatory high-risk flood insurance requirements and reducing insurance costs for thousands of residents in the community.



# Third Quarter Revenue and Gross Margin Results

(\$ in millions)



## Observations

Shimmick Project revenue decline was primarily driven by lower activity on existing jobs and jobs winding down.

Legacy Project Revenue was flat.

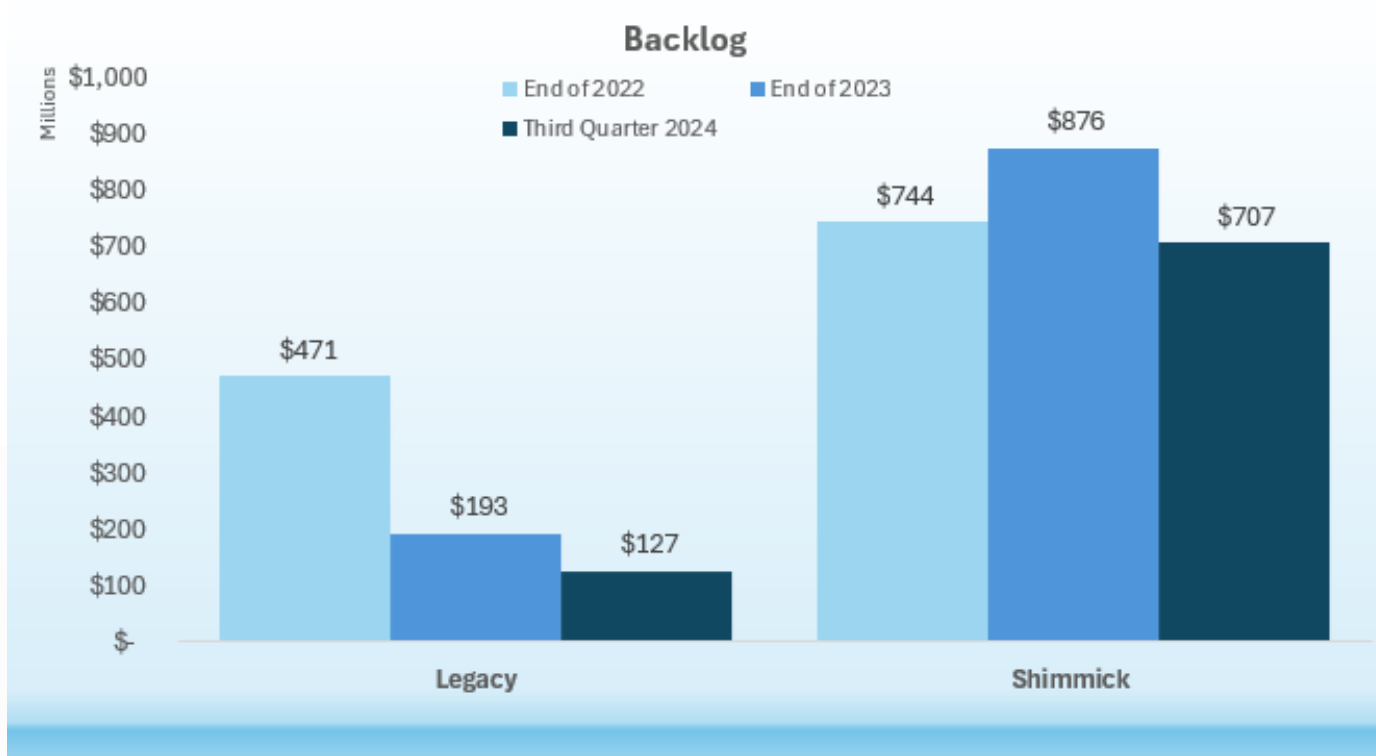
The Legacy Loss Projects with negative gross margins are over 80% complete at the end of the third quarter 2024.

(1) Shimmick Project results exclude revenue related to non-core foundations projects of \$11 million and \$12 million and gross margin of \$(2) million and \$(1) million for the three months ended September 27, 2024 and September 29, 2023, respectively.

# Shimmick<sup>(1)</sup> Backlog

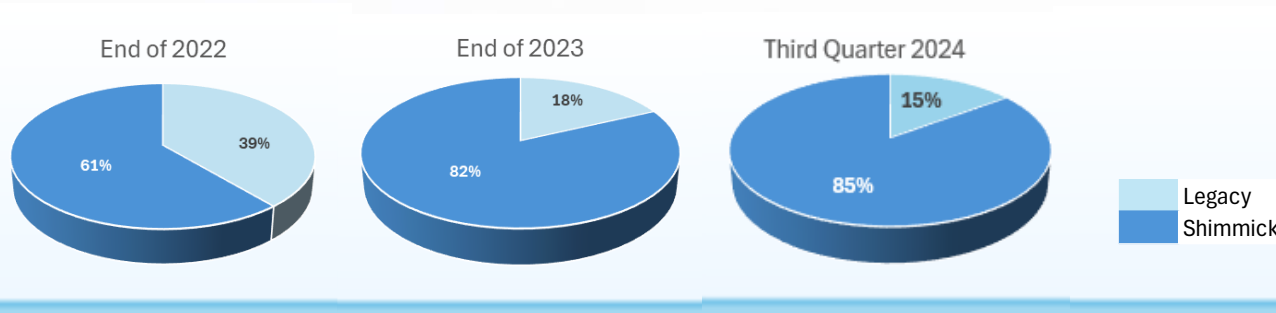


Our Backlog is USA-based, Predominantly Publicly-Funded and Fixed-Price



## Backlog Conversion

- More than 75% of the backlog expected to be completed in the next 24 months
- Legacy Projects backlog continues to wind down
- Robust pipeline of bids expected to increase with further federal funding



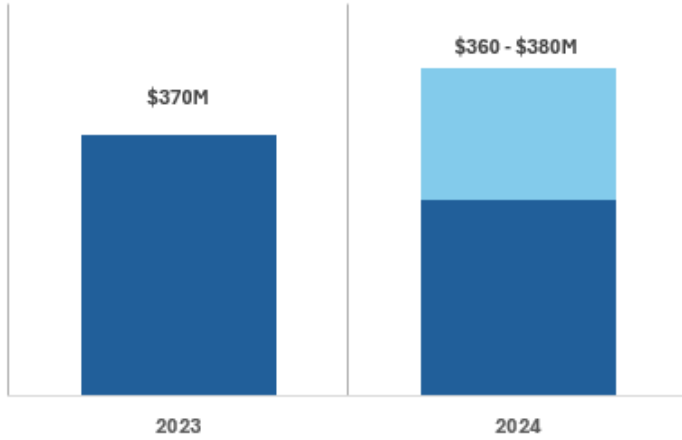
(1) Shimmick Projects backlog includes non-core Foundations projects backlog of \$13 million, \$28 million and \$63 million for the periods ended September 27, 2024, December 29, 2023 and December 30, 2022, respectively.



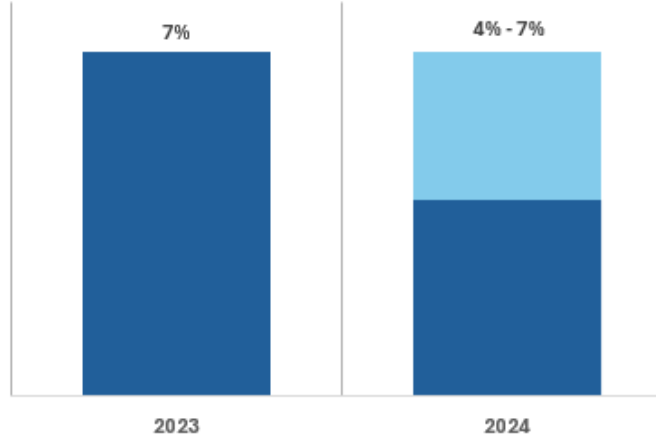
# 2024 Guidance



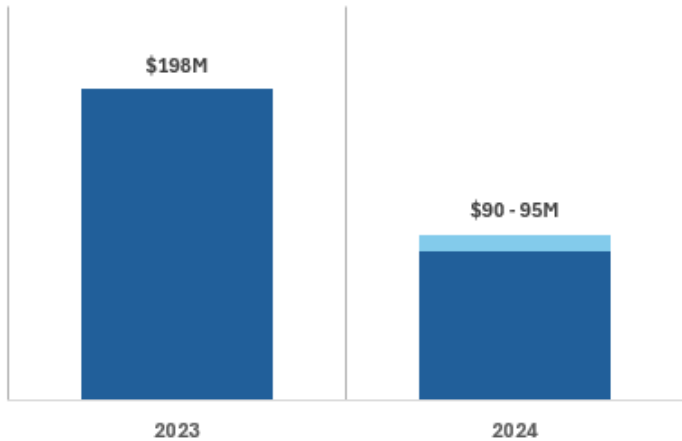
SHIMMICK PROJECT REVENUE



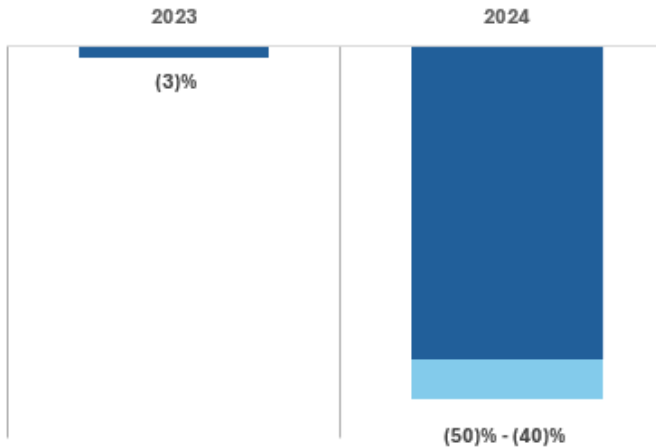
SHIMMICK PROJECT GROSS MARGIN



LEGACY PROJECT REVENUE



LEGACY PROJECT GROSS MARGIN



For the full fiscal year ending January 3, 2025, we expect, after excluding Foundations Projects revenue for the fiscal year ending December 29, 2023:

- Shimmick Projects revenue to remain generally flat with gross margin between 4 to 7 percent
- Legacy Projects revenue of \$90 to \$95 million with negative gross margin, due to the Legacy Loss Project settlement, additional costs recorded for a Legacy Loss Project related to pending change orders and other cost overruns

(1) Shimmick Project revenue excludes non-core foundations project revenue of \$64M in 2023 and \$68-72M from prior 2024 guidance presented.

# Highlights



**Large Addressable Market**



**Vertical Integration Mitigates Risk**



**Established Customer Base and Focus on California**



**Publicly Funded Backlog**



**Transitioning to a Higher Margin Portfolio**



**Potential Acquisitions to Improve Growth & Margin**





**Investor Contact**

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# Appendix

MAKE IT HAPPEN

# Strong Market Tailwinds

## Supporting Federal Legislation

- 2018** ● **Bipartisan Budget / America's Water Infrastructure Act**  
Providing for water infrastructure improvements
- 2021** ● **Infrastructure & Jobs Act**  
Funding for clean drinking water for businesses, households and schools
- 2021** ● **Inflation Reduction Act**  
Aims to curb inflation while increasing spending in clean energy, domestic energy production
- 2022** ● **CHIPS and Science Act**  
New funding to increase the domestic manufacturing and research of semi-conductors

## Key Market Drivers

- Climate Change
- Water Scarcity
- Water Security
- Affordability
- Aging Infrastructure
- Tightening Regulations
- Sustainability
- Resiliency
- Species Protection

**\$60+ Billion**

Water Infrastructure  
Market Opportunity<sup>(1)</sup>

# Growth Strategy

Expanding on our Core Focus with Select Acquisitions

## Organic Focus



Strengthen  
Core

- Transitioning to Higher Margin Portfolio
- Selective Bidding
- Underwriting Risk
- Project Execution

## Acquisition Focus



Smart Water,  
Software,  
Remediation, & O&M

- Accretive
- Higher Margin
- Recurring Revenues
- Expanding Capabilities



# Shimmick Water Projects and Solutions



## Water Resources & Other



Flood Protection



Species Protection



Water Storage



Water Conveyance

## Water Treatment & Other



Water Recycling



Water Purification



Desalination



Water/Wastewater Treatment

# Select Long- Standing Customer Relationships

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Orange County  
Water District



City and County of  
San Francisco



Metropolitan Water District of  
Southern California



County of Los  
Angeles



US Army Corps  
of Engineers®



Port of  
LONG BEACH  
THE PORT OF CHOICE



Orange County  
Sanitation District

Our resume leads to repeat business with significant players across  
water infrastructure



# GAAP to Non-GAAP Reconciliation

(in thousands)

	Three Months Ended	
	September 27, 2024	September 29, 2023
Net (loss) income attributable to Shimmick Corporation	(1,564)	34,567
Transformation costs <sup>(1)</sup>	1,924	-
Stock-based compensation	1,337	496
ERP pre-implementation asset impairment and associated costs <sup>(2)</sup>	15,708	-
Legal fees and other costs for Legacy Projects <sup>(3)</sup>	6,436	1,708
Other <sup>(4)</sup>	414	(109)
<b>Adjusted net income</b>	<b>\$24,255</b>	<b>\$36,662</b>
<b>Adjusted diluted income per common share</b>	<b>\$0.72</b>	<b>\$1.67</b>

(in thousands)

	Three Months Ended	
	September 27, 2024	September 29, 2023
Net (loss) income attributable to Shimmick Corporation	(1,564)	34,567
Depreciation and amortization	3,447	4,637
Interest expense	1,977	413
Income tax expense	-	-
Transformation costs <sup>(1)</sup>	1,924	-
Stock-based compensation	1,337	496
ERP pre-implementation asset impairment and associated costs <sup>(2)</sup>	15,708	-
Legal fees and other costs for Legacy Projects <sup>(3)</sup>	6,436	1,708
Other <sup>(4)</sup>	414	(109)
<b>Adjusted EBITDA</b>	<b>\$29,679</b>	<b>\$41,712</b>

(1) Consists of transformation-related costs we have incurred including advisory costs as we settle outstanding claims, exit the Legacy Projects and transform the Company into a water-focused business.

(2) Reflects a strategic decision to enhance the Company's current ERP system rather than implementing a new platform which, due to prior investments and remaining contractual obligations, resulted in a one-time charge of approximately \$16 million in the third quarter of fiscal 2024.

(3) Consists legal fees and other costs incurred in connection with claims relating to Legacy Projects.

(4) Consists of transaction-related costs and changes in fair value of contingent consideration remaining after the impact of transactions with AECOM.

\*Please refer to the following page for explanatory notes regarding non-GAAP financial measures



# Non-GAAP Financial Measures Explanatory Notes



## Adjusted Net Loss and Adjusted Diluted Earnings Per Common Share

Adjusted net loss represents Net loss attributable to Shimmick Corporation adjusted to eliminate stock-based compensation, ERP pre-implementation asset impairment and associated costs, legal fees and other costs for Legacy Projects and other costs. We have also made an adjustment for transformation costs we have incurred including advisory costs as we settle outstanding claims, exit the Legacy Projects and transform the Company into a water-focused business.

We have included adjusted net loss because it is a key measure used by our management and Board to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operational plans. In particular, we believe that the exclusion of the income and expenses eliminated in calculating Adjusted net loss can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that Adjusted net loss provides useful information to investors and others in understanding and evaluating our results of operations.

Our use of Adjusted net loss as an analytical tool has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are:

- Adjusted net loss does not reflect changes in, or cash requirements for, our working capital needs,
- Adjusted net loss does not reflect the potentially dilutive impact of stock-based compensation, and
- other companies, including companies in our industry, might calculate Adjusted net loss or similarly titled measures differently, which reduces their usefulness as comparative measures.

Because of these and other limitations, you should consider Adjusted net loss alongside Net loss attributable to Shimmick Corporation, which is the most directly comparable GAAP measure.

## Adjusted EBITDA

Adjusted EBITDA represents our Net loss attributable to Shimmick Corporation before interest expense, income tax expense and depreciation and amortization, adjusted to eliminate stock-based compensation, ERP pre-implementation asset impairment and associated costs, legal fees and other costs for Legacy Projects and other costs. We have also made an adjustment for transformation costs we have incurred including advisory costs as we settle outstanding claims, exit the Legacy Projects and transform the Company into a water-focused business.

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Our use of Adjusted EBITDA as an analytical tool has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized might have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements,
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs,
- Adjusted EBITDA does not reflect the potentially dilutive impact of stock-based compensation,
- Adjusted EBITDA does not reflect interest or tax payments that would reduce the cash available to us, and
- other companies, including companies in our industry, might calculate Adjusted EBITDA or similarly titled measures differently, which reduces their usefulness as comparative measures.

Because of these and other limitations, you should consider Adjusted EBITDA alongside Net loss attributable to Shimmick Corporation, which is the most directly comparable GAAP measure.

Guidance provided is only an estimate of what we believe is reasonable as of the date of this presentation. We are not readily able to provide a reconciliation of non-GAAP measures to the most comparable GAAP metrics without unreasonable effort. Actual results will vary from the guidance and the variations may be material. We undertake no intent or obligation to publicly update or revise any of these projections, whether as a result of new information, future events or otherwise, except as required by law.

# Condensed Consolidated Balance Sheet



(in thousands)

	September 27, 2024	December 29, 2023
<b>Assets</b>		
Cash and Cash Equivalents	25,962	62,939
Total Current Assets	221,189	257,458
<b>Total Assets</b>	<b>346,737</b>	<b>426,652</b>
<b>Liabilities</b>		
Total Current Liabilities	278,176	271,253
<b>Total Liabilities</b>	<b>345,764</b>	<b>356,162</b>
<b>Equity</b>		
<b>Total Stockholders' Equity</b>	<b>973</b>	<b>70,490</b>