

**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): May 5, 2020

IES Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-13783
(Commission
File Number)

76-0542208
(I.R.S. Employer
Identification Number)

5433 Westheimer Road, Suite 500, Houston, Texas 77056
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (713) 860-1500

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 (see General Instruction A.2. below):

- 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
Common Stock, par value \$0.01 per share	IESC	NASDAQ Global Market
Rights to Purchase Preferred Stock	IESC	NASDAQ Global 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 May 5, 2020, IES Holdings, Inc. (the “Company”) issued a press release announcing its results of operations for the fiscal 2020 second quarter. A copy of the press release is furnished with this report as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

On May 5, 2020, the Company posted to its website, www.ies-co.com, under the Investor Relations section, a presentation with the title “IES Holdings, Inc.–Second Quarter 2020 Update.” A copy of the presentation is furnished with this report as Exhibit 99.2. The presentation will remain on the Company’s website for a period of at least thirty days.

The information set forth herein is furnished pursuant to Item 7.01–Regulation FD Disclosure and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section nor shall the information be deemed incorporated by reference in any filing of the Company.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated May 5, 2020 announcing results of operations.
99.2	Presentation titled "IES Holdings, Inc.–Second Quarter 2020 Update," dated May 5, 2020.

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.

Date: May 5, 2020

IES HOLDINGS, INC.

/s/ Mary K. Newman

Mary K. Newman

General Counsel and Corporate Secretary



Contact: Tracy McLauchlin, CFO

IES Holdings, Inc.

713-860-1500

FOR IMMEDIATE RELEASE

IES Holdings Reports Fiscal 2020 Second Quarter Results
- Revenue of \$291 million, an increase of 13% year-over-year
- Net Income Per Share of \$0.29 and Adjusted Net Income Per Share of \$0.38

HOUSTON — May 5, 2020 — IES Holdings, Inc. (or “IES” or the “Company”) (NASDAQ: IESC) today announced financial results for the quarter ended March 31, 2020.

Second Quarter 2020 Highlights

- Revenue of \$291 million for the second quarter of fiscal 2020, an increase of 13.4% compared with \$257 million for the same quarter of fiscal 2019
- Operating income of \$9.2 million for the second quarter of fiscal 2020, an increase of 12.3% compared with \$8.2 million for the same quarter of fiscal 2019
- Net income attributable to IES of \$6.2 million, or \$0.29 per diluted share, for the second quarter of fiscal 2020, compared with \$5.5 million, or \$0.26 per diluted share, for the same quarter of fiscal 2019
- Adjusted net income attributable to IES (a non-GAAP financial measure, as defined below) decreased (2.4)% to \$8.0 million, or \$0.38 per diluted share, for the second quarter of fiscal 2020, compared with \$8.2 million, or \$0.38 per diluted share, for the same quarter of fiscal 2019
- Remaining performance obligations, a GAAP measure of future revenue to be recognized from current contracts with customers, of approximately \$469 million as of March 31, 2020
- Backlog (a non-GAAP financial measure, as defined below) of approximately \$587 million as of March 31, 2020

Six Months 2020 Highlights

- Revenue of \$567 million for the first six months of fiscal 2020, an increase of 13.3% compared with \$501 million for the same period of fiscal 2019
- Operating income of \$21.6 million for the first six months of fiscal 2020, an increase of 22.0% compared with \$17.7 million for the same period of fiscal 2019
- Net income attributable to IES of \$14.7 million, or \$0.69 per diluted share, for the first six months of fiscal 2020, compared with \$12.4 million, or \$0.58 per diluted share, for the same period of fiscal 2019
- Adjusted net income attributable to IES increased 16.3% to \$19.3 million, or \$0.91 per diluted share, for the first six months of fiscal 2020, compared with \$16.6 million, or \$0.77 per diluted share, for the same period of fiscal 2019

Management Commentary

Gary Matthews, Chief Executive Officer, stated, “The safety and health of our employees, customers, and communities are our top priority and I am proud of how the entire IES family has adapted and persevered in these unprecedented times. Our second quarter results reflect the commitment of the teams at our operating units, who diligently continued to serve our customers and the critical infrastructure they support, which ranges from data centers to medical facilities to housing. While we anticipate that the challenges arising from COVID-19 will not be over soon, we believe that our resilient portfolio of businesses, sound financial position, and the dedication of the entire IES team will continue to be key assets that help us meet the needs of our customers.

“Operationally, the Company performed well during the second quarter in the face of the coronavirus pandemic and disruptions as many of our business activities were deemed to be essential under state or local directives based on the customers or markets served. Despite delays on certain projects, consolidated revenue and operating income increased 13% and 12%, respectively, over the same quarter last year. Both our Residential and Communications segments continued their strong growth with revenue increasing 39% and 36%, respectively, compared to the same quarter last year, while operating income increased 85% and 67%, respectively. Our Commercial & Industrial segment continued to be impacted by a combination of project execution difficulties on certain projects and reduced volume in a competitive marketplace, compounded by disruptions caused by COVID-19. In response, we are taking steps to improve this segment’s performance, including changes to its organization structure, sales strategy, and cost structure. We are moving to reduce overhead expenses

and have progressed to the implementation phase on our procurement project, which we expect to yield savings on materials purchased in the coming quarters. Our Infrastructure Solutions segment experienced a 15% revenue decrease and an 18% decrease in operating income compared to the same quarter last year, largely reflecting project delays and a strong comparable quarter a year ago.

“As part of our capital allocation strategy, we expanded our business with two strategic bolt-on acquisitions, Aerial Lighting & Electric and Plant Power & Control Systems. The acquisition of Aerial Lighting & Electric accelerates our Residential segment’s growth into a new market while Plant Power & Control Systems expands the electro-mechanical products and services offered by our Infrastructure Solutions segment. Both companies have strong leaders and effective management teams and we are delighted to welcome them to the IES family.”

Tracy McLauchlin, Chief Financial Officer, added, “We entered the COVID-19 crisis in a position of financial strength and finished the quarter with a cash balance, net of debt, of \$15 million as of March 31, 2020, after deploying \$29 million to acquire Aerial Lighting & Electric and Plant Power & Control Systems. As our strong second quarter cash flow demonstrates, we are keenly focused on working capital management and prudent capital spending. Although we ended the second quarter with a long-term debt balance of \$29 million, we subsequently have repaid \$15 million of that amount in April 2020. While the full impact of the pandemic on our business is unclear at this time, and we may see additional project delays and cancellations, we believe that our backlog of \$587 million at quarter-end provides visibility for the remainder of fiscal 2020 and into fiscal 2021. In addition, we expect that our strong liquidity position and disciplined capital allocation philosophy will continue to support our long-term growth strategy, while helping to position the Company to manage through times of economic uncertainty.”

Net Operating Loss Carryforwards

The Company estimates that it has available Net Operating Loss Carryforwards (NOLs) for U.S. federal income tax purposes of approximately \$306 million at September 30, 2019, including approximately \$144 million resulting from net operating losses on which a deferred tax asset is not recorded. The Company’s common stock is subject to a Rights Plan dated November 8, 2016, which is intended to assist in limiting the number of 5% or more owners of the Company’s common stock and thereby reduce the risk of a possible “ownership change” under Section 382 of the Internal Revenue Code of 1986, as amended. Any such “ownership change” under these rules would limit or eliminate the ability of the Company to use its existing NOLs for federal income tax purposes. There is no guarantee that the Rights Plan will achieve the objective of preserving the value or realization of the NOLs.

Stock Buyback Plan

In 2015, the Company's Board of Directors authorized and announced a stock repurchase program for purchasing up to 1.5 million shares of our common stock from time to time, and on May 2, 2019, authorized the repurchase of up to an additional 1.0 million shares. During the quarter ended March 31, 2020, the Company repurchased 178,431 shares at an average price of \$22.60 per share, and for year-to-date fiscal 2020, the Company repurchased 198,248 shares at an average price of \$22.59 per share. The Company had 1,058,737 shares remaining under its stock repurchase authorization at March 31, 2020.

Non-GAAP Financial Measures and Other Adjustments

This press release includes adjusted net income attributable to IES, adjusted earnings per share attributable to IES, and backlog, and, in the non-GAAP reconciliation tables included herein, adjusted EBITDA and adjusted net income before taxes, each of which is a financial measure not calculated in accordance with generally accepted accounting principles in the U.S. ("GAAP"). Management believes that these measures provide useful information to our investors by, in the case of adjusted net income attributable to IES, adjusted earnings per share attributable to IES, adjusted EBITDA and adjusted net income before taxes, distinguishing certain nonrecurring events such as litigation settlements or significant expenses associated with leadership changes, or noncash events, such as our valuation allowances release and write-down of our deferred tax assets, or, in the case of backlog, providing a common measurement used in IES's industry, as described further below, and that these measures, when reconciled to the most directly comparable GAAP measures, help our investors to better identify underlying trends in the operations of our business and facilitate easier comparisons of our financial performance with prior and future periods and to our peers. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which has been provided in the financial tables included in this press release.

Remaining performance obligations represent the unrecognized revenue value of our contract commitments. While backlog is not a defined term under GAAP, it is a common measurement used in IES's industry and IES believes this non-GAAP measure enables it to more effectively forecast its

future results and better identify future operating trends that may not otherwise be apparent. IES's remaining performance obligations are a component of IES's backlog calculation, which also includes signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins. IES's methodology for determining backlog may not be comparable to the methodologies used by other companies.

For further details on the Company's financial results, please refer to the Company's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2020, to be filed with the Securities and Exchange Commission ("SEC") by May 5, 2020, and any amendments thereto.

About IES Holdings, Inc.

IES is a holding company that owns and manages operating subsidiaries that provide electrical contracting and other infrastructure services to a variety of end markets, including data centers, residential housing, and commercial and industrial facilities. Our approximately 5,500 employees serve clients in the United States. For more information about IES, please visit www.ies-co.com.

Certain statements in this release may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "seek," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company's actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to, the impact of the COVID-19 outbreak or future epidemics on our business, including the potential for job site closures or work stoppages, supply chain disruptions, construction delays, reduced demand for our services, or our ability to collect from our customers; the ability of our controlling shareholder to take action not aligned with other shareholders; the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership or a change in the federal tax rate; the potential recognition of valuation allowances or write-downs on deferred tax assets; the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions; competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects; fluctuations in operating activity due to downturns in levels of construction or the housing market, seasonality and differing regional economic conditions; and our ability to successfully manage projects, as well as other risk factors discussed in this document, in the Company's annual report on Form 10-K for the year ended September 30, 2019 and in the Company's other reports on file with the SEC. You should understand that such risk factors could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. The Company undertakes no obligation to publicly update or revise any information, including information concerning its controlling shareholder, net operating losses, borrowing availability, or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this release.

Forward-looking statements are provided in this press release pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties, and risks described herein.

General information about IES Holdings, Inc. can be found at <http://www.ies-co.com> under “Investor Relations.” The Company’s annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through the Company’s website as soon as reasonably practicable after they are filed with, or furnished to, the SEC.

IES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Revenues	\$ 291.3	\$ 256.9	\$ 567.3	\$ 500.8
Cost of services	240.0	213.7	465.8	415.9
Gross profit	51.3	43.2	101.5	84.8
Selling, general and administrative expenses	42.0	35.1	79.9	67.2
Operating income	9.2	8.2	21.6	17.7
Interest expense	0.3	0.5	0.6	1.1
Other (income) expense, net	0.3	(0.1)	0.4	(0.1)
Income from operations before income taxes	8.6	7.8	20.6	16.7
Provision for income taxes	2.4	2.3	5.9	4.2
Net income	6.2	5.5	14.7	12.4
Net loss attributable to noncontrolling interest	—	—	—	(0.1)
Net income attributable to IES Holdings, Inc.	\$ 6.2	\$ 5.5	\$ 14.7	\$ 12.4
Earnings per share attributable to IES Holdings, Inc.:				
Basic	\$ 0.30	\$ 0.26	\$ 0.70	\$ 0.58
Diluted	\$ 0.29	\$ 0.26	\$ 0.69	\$ 0.58
Shares used in the computation of earnings per share:				
Basic (in thousands)	20,847	21,139	20,865	21,188
Diluted (in thousands)	21,122	21,380	21,133	21,425

IES HOLDINGS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE
TO IES HOLDINGS, INC. AND ADJUSTED EARNINGS PER SHARE
ATTRIBUTABLE TO IES HOLDINGS, INC.
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Net income attributable to IES Holdings, Inc.	\$ 6.2	\$ 5.5	\$ 14.7	\$ 12.4
Provision for income taxes	2.4	2.3	5.9	4.2
Adjusted net income before taxes	8.7	7.8	20.6	16.6
Current tax expense (1)	(0.7)	(0.4)	(1.3)	(0.8)
Severance expense	—	0.8	—	0.8
Adjusted net income attributable to IES Holdings, Inc.	<u>\$ 8.0</u>	<u>\$ 8.2</u>	<u>\$ 19.3</u>	<u>\$ 16.6</u>
Adjusted earnings per share attributable to IES Holdings, Inc.:				
Basic	\$ 0.38	\$ 0.39	\$ 0.92	\$ 0.78
Diluted	\$ 0.38	\$ 0.38	\$ 0.91	\$ 0.77
Shares used in the computation of earnings per share:				
Basic (in thousands)	20,847	21,139	20,865	21,188
Diluted (in thousands)	21,122	21,380	21,133	21,425

(1) Represents the tax expense for the current period which will be paid in cash and not offset by the utilization of deferred tax assets

IES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)
(UNAUDITED)

	<u>March 31,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 43.8	\$ 18.9
Accounts receivable:		
Trade, net of allowance	180.6	186.3
Retainage	37.0	29.2
Inventories	22.3	21.5
Costs and estimated earnings in excess of billings	27.5	29.9
Prepaid expenses and other current assets	12.7	10.6
Total current assets	<u>323.8</u>	<u>296.5</u>
Property and equipment, net	26.1	25.7
Goodwill	60.5	50.6
Intangible assets, net	43.8	26.6
Deferred tax assets	33.9	40.9
Operating right of use assets	34.8	—
Other non-current assets	3.4	4.9
Total assets	<u>\$ 526.3</u>	<u>\$ 445.3</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 164.9	\$ 152.9
Billings in excess of costs and estimated earnings	45.9	40.6
Total current liabilities	<u>210.8</u>	<u>193.5</u>
Long-term debt	29.0	0.3
Operating long-term lease liabilities	23.5	—
Other non-current liabilities	2.4	1.9
Total liabilities	<u>265.7</u>	<u>195.7</u>
Noncontrolling interest	2.8	3.3
STOCKHOLDERS' EQUITY:		
Preferred stock	—	—
Common stock	0.2	0.2
Treasury stock, at cost	(15.6)	(12.5)
Additional paid-in capital	192.9	192.9
Retained earnings	80.3	65.6
Total stockholders' equity	<u>257.8</u>	<u>246.2</u>
Total liabilities and stockholders' equity	<u>\$ 526.3</u>	<u>\$ 445.3</u>

IES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)
(UNAUDITED)

	Six Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 14.7	\$ 12.4
Adjustments to reconcile to net cash provided by operating activities:		
Bad debt expense	0.3	0.2
Deferred financing cost amortization	0.2	0.2
Depreciation and amortization	5.6	4.8
Loss on sale of assets	—	0.1
Non-cash compensation expense	1.7	0.7
Deferred income taxes	4.5	4.2
Changes in operating assets and liabilities:		
Accounts receivable	8.6	(9.6)
Inventories	(0.2)	(2.9)
Costs and estimated earnings in excess of billings	2.8	3.2
Prepaid expenses and other current assets	(8.9)	(0.8)
Other non-current assets	1.5	(1.4)
Accounts payable and accrued expenses	(2.0)	(0.1)
Billings in excess of costs and estimated earnings	4.1	(0.9)
Other non-current liabilities	(0.2)	(0.7)
Net cash provided by operating activities	<u>32.7</u>	<u>9.4</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2.9)	(3.9)
Proceeds from sale of assets	0.1	—
Cash paid in conjunction with business combinations	(29.0)	—
Net cash used in investing activities	<u>(31.8)</u>	<u>(3.9)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of debt	592.4	0.1
Repayments of debt	(563.1)	(10.1)
Cash paid for finance leases	(0.1)	—
Distribution to noncontrolling interest	(0.5)	(0.1)
Purchase of treasury stock	(4.9)	(5.4)
Net cash provided by (used in) financing activities	<u>23.9</u>	<u>(15.6)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24.9	(10.1)
CASH, CASH EQUIVALENTS and RESTRICTED CASH, beginning of period	18.9	26.2
CASH, CASH EQUIVALENTS and RESTRICTED CASH, end of period	<u>\$ 43.8</u>	<u>\$ 16.2</u>

IES HOLDINGS, INC. AND SUBSIDIARIES
OPERATING SEGMENT STATEMENT OF OPERATIONS
(DOLLARS IN MILLIONS)
(UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Revenues				
Commercial & Industrial	\$ 66.0	\$ 80.0	\$ 133.7	\$ 152.6
Communications	96.0	70.4	180.3	139.8
Infrastructure Solutions	29.3	34.5	60.6	63.9
Residential	100.0	72.1	192.8	144.5
Total revenue	\$ 291.3	\$ 256.9	\$ 567.3	\$ 500.8
Operating income (loss)				
Commercial & Industrial	\$ (4.1)	\$ 1.4	\$ (4.6)	3.4
Communications	7.2	4.3	14.2	9.3
Infrastructure Solutions	2.3	2.8	5.6	4.2
Residential	7.2	3.9	13.6	7.8
Corporate	(3.4)	(4.2)	(7.2)	(7.0)
Total operating income	\$ 9.2	\$ 8.2	\$ 21.6	\$ 17.7

IES HOLDINGS, INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATION OF ADJUSTED EBITDA
(DOLLARS IN MILLIONS)
(UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Net income attributable to IES Holdings, Inc.	\$ 6.2	\$ 5.5	\$ 14.7	\$ 12.4
Provision for income taxes	2.4	2.3	5.9	4.2
Interest & other expense, net	0.6	0.4	1.0	1.0
Depreciation and amortization	3.3	2.5	5.6	4.8
EBITDA	<u>\$ 12.5</u>	<u>\$ 10.7</u>	<u>\$ 27.2</u>	<u>\$ 22.5</u>
Non-cash equity compensation expense	0.8	0.6	1.7	0.7
Severance expense	—	0.8	—	0.8
Adjusted EBITDA	<u>\$ 13.3</u>	<u>\$ 12.1</u>	<u>\$ 28.9</u>	<u>\$ 23.9</u>

IES HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTAL REMAINING PERFORMANCE OBLIGATIONS AND NON-GAAP RECONCILIATION OF BACKLOG DATA
(DOLLARS IN MILLIONS)
(UNAUDITED)

	March 31, 2020	December 31, 2019	March 31, 2019
Remaining performance obligations	\$ 469	\$ 430	\$ 424
Agreements without an enforceable obligation (1)	118	79	149
Backlog	<u>\$ 587</u>	<u>\$ 509</u>	<u>\$ 573</u>

- (1) Our backlog contains signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins.

IES Holdings, Inc.
Second Quarter 2020 Update

May 5, 2020



Disclosures

Forward-Looking Statements

Certain statements in this document may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "seek," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company's actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to, the impact of the COVID-19 outbreak or future epidemics on our business, including the potential for job site closures or work stoppages, supply chain disruptions, construction delays, reduced demand for our services, or our ability to collect from our customers; the ability of our controlling shareholder to take action not aligned with other shareholders; the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership or a change in the federal tax rate; the potential recognition of valuation allowances or write-downs on deferred tax assets; the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions; competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects; fluctuations in operating activity due to downturns in levels of construction or the housing market, seasonality and differing regional economic conditions; and our ability to successfully manage projects, as well as other risk factors discussed in this document, in the Company's annual report on Form 10-K for the year ended September 30, 2019 and in the Company's other reports on file with the SEC. You should understand that such risk factors could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. The Company undertakes no obligation to publicly update or revise any information, including information concerning its controlling shareholder, net operating losses, borrowing availability, or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this document.

Forward-looking statements are provided in this press document pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties, and risks described herein.

Non-GAAP Financial Measures and Other Adjustments

This document includes adjusted net income per share and backlog, and, in the non-GAAP reconciliation tables included herein, adjusted net income attributable to IES, adjusted earnings per share attributable to IES, adjusted EBITDA and adjusted net income before taxes, each of which is a financial measure not calculated in accordance with generally accepted accounting principles in the U.S. ("GAAP"). Management believes that these measures provide useful information to our investors by, in the case of adjusted net income per share, adjusted net income attributable to IES, adjusted earnings per share attributable to IES, adjusted EBITDA and adjusted net income before taxes, distinguishing certain nonrecurring events such as litigation settlements or significant expenses associated with leadership changes, or noncash events, such as our valuation allowances release and write-down of our deferred tax assets, or, in the case of backlog, providing a common measurement used in IES's industry, as described further below, and that these measures, when reconciled to the most directly comparable GAAP measures, help our investors to better identify underlying trends in the operations of our business and facilitate easier comparisons of our financial performance with prior and future periods and to our peers. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which has been provided in the financial tables included in this document. Remaining performance obligations represent the unrecognized revenue value of our contract commitments. While backlog is not a defined term under GAAP, it is a common measurement used in IES's industry and IES believes this non-GAAP measure enables it to more effectively forecast its future results and better identify future operating trends that may not otherwise be apparent. IES's remaining performance obligations are a component of IES's backlog calculation, which also includes signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins. IES's methodology for determining backlog may not be comparable to the methodologies used by other companies.

For further details on the Company's financial results, please refer to the Company's annual report on Form 10-Q for the fiscal quarter ended March 31, 2020, to be filed with the Securities and Exchange Commission ("SEC") by May 5, 2020, and any amendments thereto.

General information about IES Holdings, Inc. can be found at <http://www.ies-co.com> under "Investor Relations." The Company's annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through the Company's website as soon as reasonably practicable after they are filed with, or furnished to, the SEC.

Second Quarter 2020 Highlights

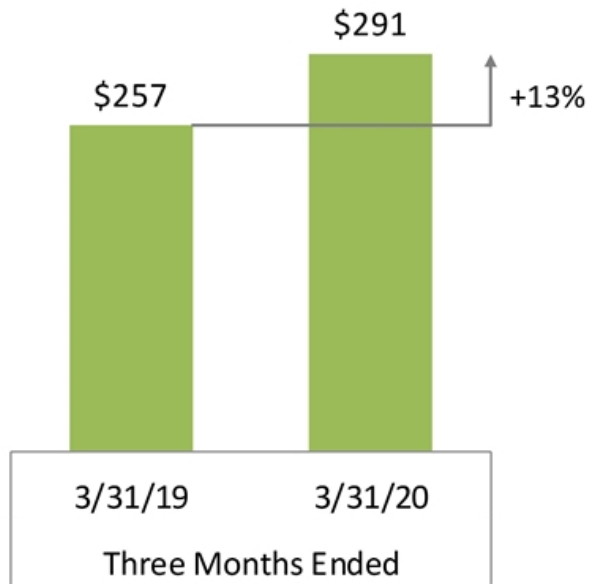
- ◆ Revenue of \$291 million, an increase of 13% year-over-year (“y-o-y”)
- ◆ Operating Income of \$9.2 million, an increase of 12% y-o-y
- ◆ Net Income Per Share of \$0.29 (+12%) and Adjusted Net Income Per Share* of \$0.38
- ◆ Remaining Performance Obligations, a GAAP measure of future revenue to be recognized from current contracts with customers, of \$469 million
- ◆ Record Backlog* of \$587 million
- ◆ Purchased Aerial Lighting & Electric and Plant Power & Control Systems for a combined \$29 million, and repurchased \$4 million of equity during the quarter
- ◆ Ended the quarter with a cash balance, net of debt, of \$15 million



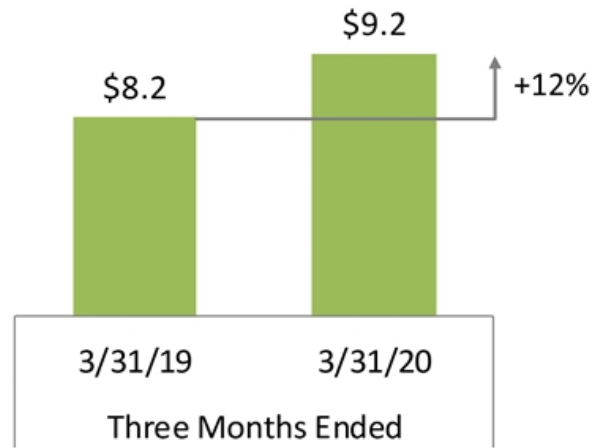
* Non-GAAP financial measure; see reconciliation table

2Q20 Revenue and Operating Income

REVENUE

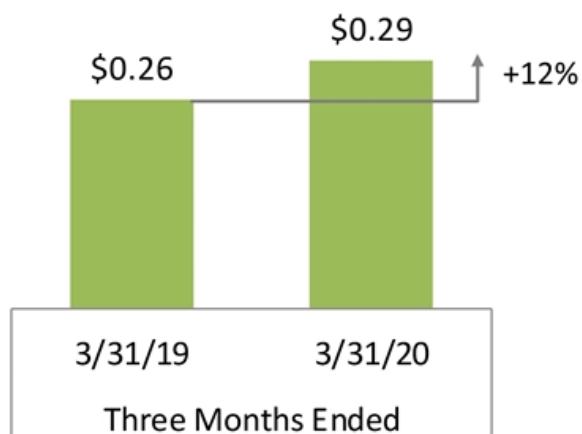


OPERATING INCOME

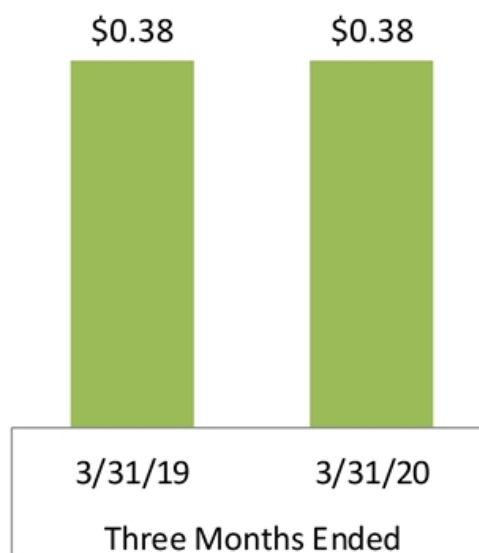


2Q20 Net Income Per Share and Adjusted Net Income Per Share*

NET INCOME PER SHARE



ADJUSTED NET INCOME PER SHARE*



* Non-GAAP financial measure; see reconciliation table

2Q20 Segment Results

Second Quarter

Six Months Year-to-Date

Communications

- ◆ Revenue: \$96.0 million (36% increase from 2Q19)
- ◆ Operating Income: \$7.2 million (+67%)

- ◆ Revenue: \$180.3 million (29% increase from YTD19)
- ◆ Operating Income: \$14.2 million (+53%)

Residential

- ◆ Revenue: \$100.0 million (+39%)
- ◆ Operating Income: \$7.2 million (+85%)

- ◆ Revenue: \$192.8 million (+33%)
- ◆ Operating Income: \$13.6 million (+74%)

Infrastructure Solutions

- ◆ Revenue: \$29.3 million (-15%)
- ◆ Operating Income: \$2.3 million (-18%)

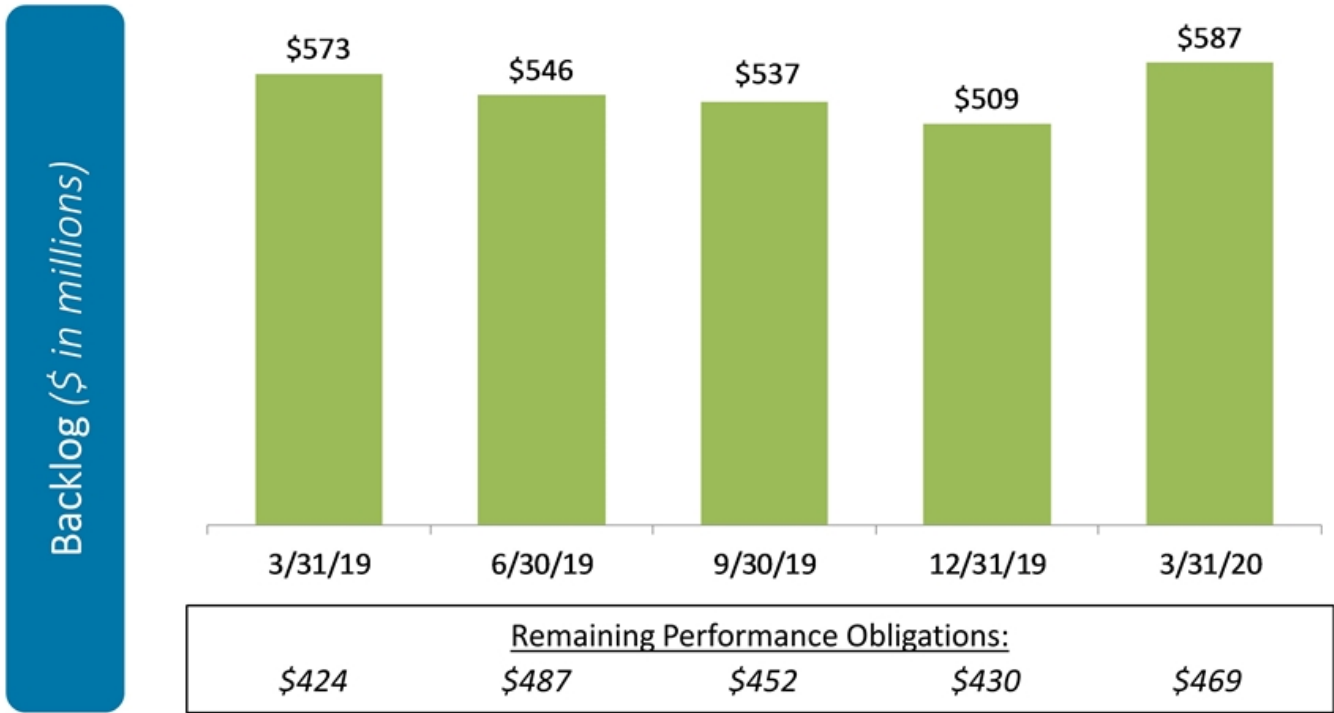
- ◆ Revenue: \$60.6 million (-5%)
- ◆ Operating Income: \$5.6 million (+33%)

Commercial & Industrial

- ◆ Revenue: \$66.0 million (-18%)
- ◆ Operating Loss: \$4.1 million

- ◆ Revenue: \$133.7 million (-12%)
- ◆ Operating Loss: \$4.6 million

Strong Backlog*



APPENDIX



Income Statement

(in millions, except earnings per share)	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2020	2019	2020
	Revenue	\$256.9	\$291.3	\$500.8
Operating income	8.2	9.2	17.7	21.6
Interest expense & other	0.4	0.6	1.0	1.0
Income from operations before income taxes	\$7.8	\$8.6	\$16.7	\$20.6
Provision for income taxes	2.3	2.4	4.2	5.9
Net income attributable to noncontrolling interest	–	–	(0.1)	–
Comprehensive income attributable to IES Holdings, Inc.	\$5.5	\$6.2	\$12.4	\$14.7
<i>Adjusted net income attributable to IES Holdings, Inc.⁽¹⁾</i>	\$8.2	\$8.0	\$16.6	\$19.3
Earnings (loss) per share attributable to IES Holdings, Inc.	\$0.26	\$0.29	\$0.58	\$0.69
<i>Adjusted earnings per share attributable to IES Holdings, Inc.⁽¹⁾</i>	\$0.38	\$0.38	\$0.77	\$0.91
Diluted shares used to calculate earnings per share	21.4	21.1	21.4	21.1

⁽¹⁾ Adjusted net income attributable to IES Holdings, Inc. and Adjusted earnings per share attributable to IES Holdings, Inc. are non-GAAP financial measures; see reconciliation table

Select Balance Sheet Data

(in millions)	Quarter Ended,		
	3/31/19	9/30/19	3/31/20
Cash	\$16.2	\$18.9	\$43.8
Current Assets	246.8	277.5	280.0
Deferred Tax Assets	43.1	40.9	33.9
Non-Current Assets	111.3	107.9	168.6
Total Assets	\$417.3	\$445.3	\$526.3
Current Liabilities	\$162.6	\$193.5	\$210.8
Other Liabilities	3.7	1.9	25.9
Debt	19.7	0.3	29.0
Total Liabilities	\$186.0	\$195.7	\$265.7
Noncontrolling interest	3.2	3.3	2.8
Equity	228.1	246.2	257.8
Total Liabilities & Equity	\$417.3	\$445.3	\$526.3

Segment Results

(in millions)	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2020	2019	2020
	Revenue			
Commercial & Industrial	\$80.0	\$66.0	\$152.6	\$133.7
Communications	70.4	96.0	139.8	180.3
Infrastructure Solutions	34.5	29.3	63.9	60.6
Residential	72.1	100.0	144.5	192.8
Total Revenue	\$256.9	\$291.3	\$500.8	\$567.3
Operating Income				
Commercial & Industrial	\$1.4	(\$4.1)	\$3.4	(\$4.6)
Communications	4.3	7.2	9.3	14.2
Infrastructure Solutions	2.8	2.3	4.2	5.6
Residential	3.9	7.2	7.8	13.6
Corporate	(4.2)	(3.4)	(7.0)	(7.2)
Total Operating Income	\$8.2	\$9.2	\$17.7	\$21.6

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

(in millions, except earnings per share)	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2020	2019	2020
	Comprehensive income attributable to IES Holdings, Inc.	\$5.5	\$6.2	\$12.4
Provision for income taxes	2.3	2.4	4.2	5.9
Adjusted net income before taxes	\$7.8	\$8.7	\$16.6	\$20.6
Current tax expense ⁽¹⁾	(0.4)	(0.7)	(0.8)	(1.3)
Severance expense	0.8	–	0.8	–
Adjusted net income attributable to IES Holdings, Inc. ⁽²⁾	\$8.2	\$8.0	\$16.6	\$19.3
Adjusted earnings per share attributable to IES Holdings, Inc. ⁽²⁾	\$0.38	\$0.38	\$0.77	\$0.91
Diluted shares used to calculate adjusted earnings per share	21.4	21.1	21.4	21.1

⁽¹⁾ Represents the tax expense for the current period which will be paid in cash and not offset by the utilization of deferred tax assets

⁽²⁾ Adjusted net income attributable to IES Holdings, Inc. and Adjusted earnings per share attributable to IES Holdings, Inc. are non-GAAP financial measures

Non-GAAP Reconciliation Of Adjusted EBITDA

(in millions, except earnings per share)	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2019	2020	2019	2020
Comprehensive income attributable to IES Holdings, Inc.	\$5.5	\$6.2	\$12.4	\$14.7
Provision for income taxes	2.3	2.4	4.2	5.9
Interest & other expense, net	0.4	0.6	1.0	1.0
Depreciation and amortization	2.5	3.3	4.8	5.6
EBITDA	\$10.7	\$12.5	\$22.5	\$27.2
Non-cash equity compensation expense	0.6	0.8	0.7	1.7
Severance expense	0.8	–	0.8	–
Adjusted EBITDA	\$12.1	\$13.3	\$23.9	\$28.9

Non-GAAP Reconciliation Of Remaining Performance Obligations To Backlog

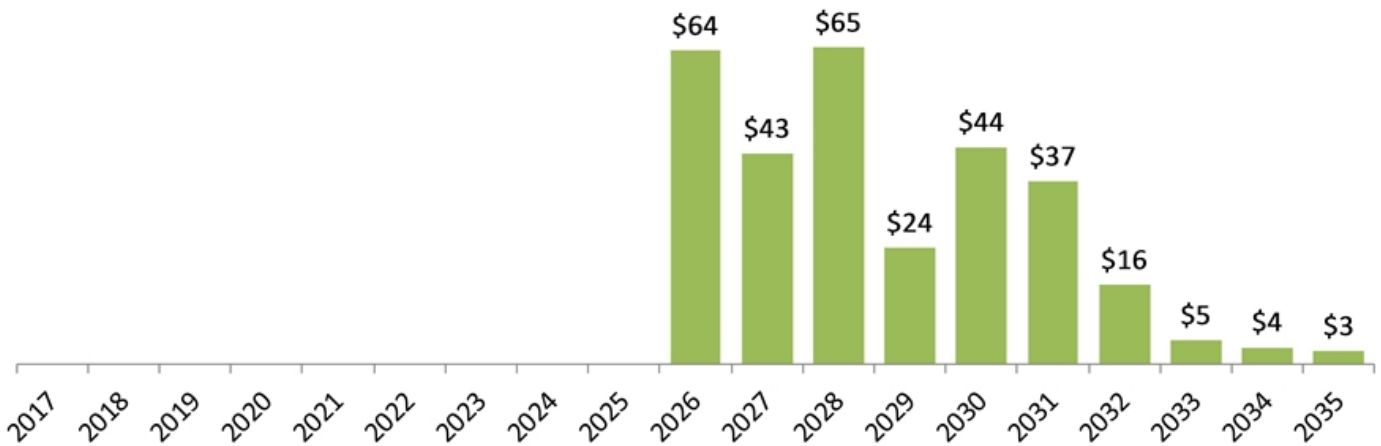
(in millions)	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Remaining performance obligations	\$469	\$430	\$424
Agreements without an enforceable obligation ⁽¹⁾	<u>118</u>	<u>79</u>	<u>149</u>
Backlog	\$587	\$509	\$573

⁽¹⁾ Our backlog contains signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins

NOL Summary

- ◆ Estimated net operating loss carry forwards (“NOLs”) of approximately \$306 million as of September 30, 2019, including approximately \$144 million resulting from net operating losses on which a deferred tax asset is not recorded
- ◆ Rights Agreement implemented to deter new 5% shareholders in order to prevent certain limitations on NOLs

NOL EXPIRATION SCHEDULE



Note: Assumes no change, limitation or usage of existing NOLs prior to expiration dates