

Investor Presentation

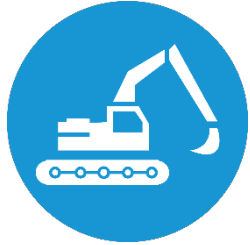
December 2017



DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains, and the officers and directors of the Company may from time to time make, statements that are considered forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about our: business strategy; financial strategy; and plans, objectives, expectations, forecasts, outlook and intentions. All of these types of statements, other than statements of historical fact included in this presentation, are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” the negative of such terms or other comparable terminology. The forward-looking statements contained in this presentation are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this presentation are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors listed in the “Risk Factors” section in our filings with the U.S. Securities and Exchange Commission (“SEC”) and elsewhere in those filings. The forward-looking statements speak only as of the date made, and other than as required by law, we do not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

COMPANY OVERVIEW



Leading heavy civil construction and residential concrete contractor with strong competitive positions in the Western U.S.

Why STRL?

- > Strong market tailwinds**
- > Substantial margin improvement**
- > Building on momentum**
- > Migration to higher margin, adjacent markets**

NASDAQ: STRL

Headquarters: The Woodlands, TX

Employees: 2,000+

Heavy Civil projects underway: >140

Shares outstanding: 27 mm

Market cap: \$461.2 mm(1)

Revenues, FY'17E: \$915 - \$935 mm

(1) As of 12/1/2017

REPORTING SEGMENTS

Diversified portfolio provides strong growth potential, high visibility and enhanced margins.

Heavy Civil Construction

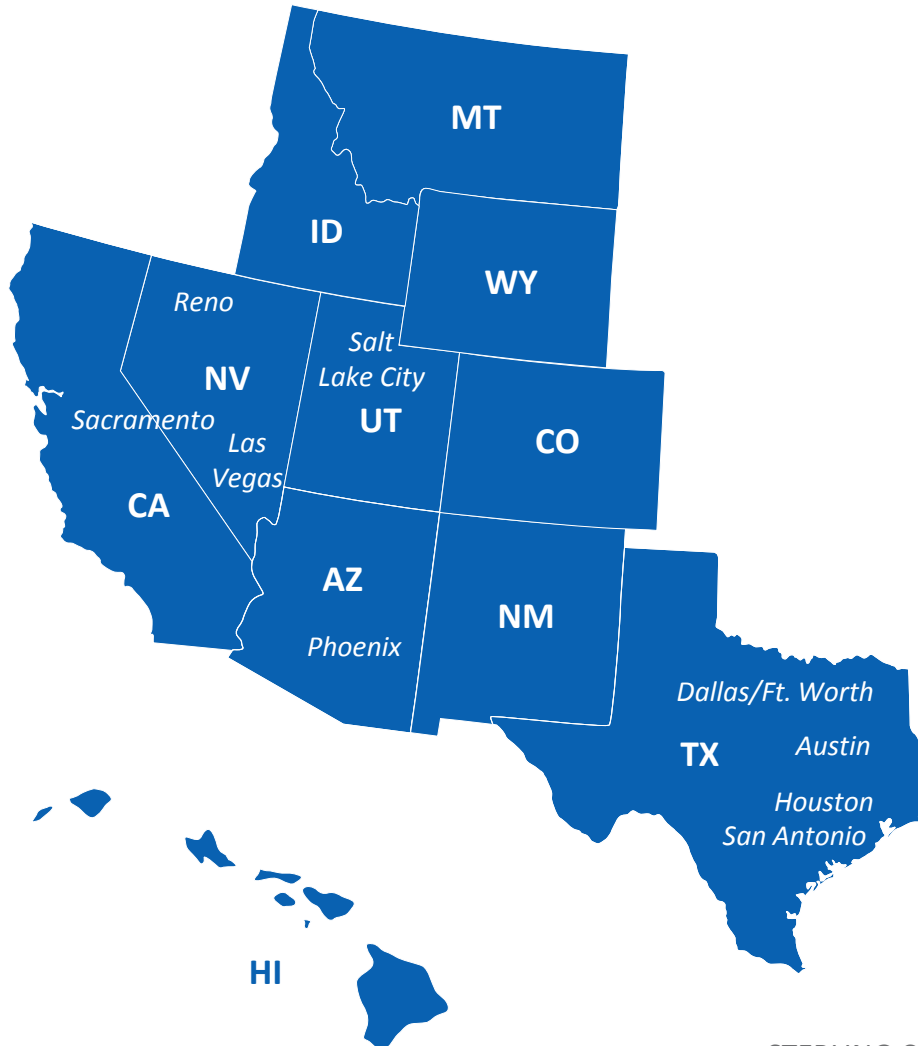
- > 89% of Revenue⁽¹⁾
- > Operates in approx. 10 states
- > Projects average 2 years in length
- > Backlog relates only to this segment
- > Average gross margin high single digits

Residential Construction

- > Acquired April 2017
- > DFW metroplex footprint
- > 11% of Revenue⁽¹⁾
- > Projects are generally less than 2 weeks in length
- > Average gross margin in excess of 2 times Heavy Civil Construction
- > Potential expansion opportunities in existing footprint

(1) As of 9/30/2017

HEAVY CIVIL BROAD CAPABILITIES ACROSS ATTRACTIVE GEOGRAPHIC FOOTPRINT



Capabilities:

- > Transportation
- > Airports
- > Rail
- > Commercial
- > Ports
- > Water

HEAVY CIVIL FAVORABLE FUNDING ENVIRONMENT

Federal Highway Bill

\$305 B

over next five years

POSITIVE TRENDS IN STATE AND LOCAL INITIATIVES FOR TRANSPORTATION INFRASTRUCTURE



- > Proposition 7 provides TxDOT \$2.5 billion per year
- > Proposition 1 provides \$1.5 to \$2 billion per year in 2016-2017
- > Locally approved bonds of \$1.3 billion in November 2017



- > 10-year, \$52 billion bill
- > Provides an annual \$5 billion in incremental funding for use on highway/transit repair projects



- > 20% gas tax increase effective January 2016
- > \$1 billion bond package for road improvements

RESIDENTIAL HIGHLIGHTS

- > Tealstone Residential construction, a component of the April 2017 acquisition has strong exposure to high growth residential markets.
- > Low risk, low complexity, high margin work
- > Strong relationship business
- > Capital requirements are low



- > Residential Construction transaction provides:
 - Adjacent market to add value to existing customers
 - Geographic expansion opportunities with key customers in key geographies
 - Accretion to both current business and long term strategic investments
 - Complementary lines to Residential construction by leveraging Texas Sterling's capabilities in construction of roads, curbs, gutters and small bridges

RESIDENTIAL 2018 MARKET HIGHLIGHTS



Dallas:

- > 13% year-over-year growth as of the Third Quarter 2017
- > Market growth projections of 6%

Houston:

- > 8% year-over-year growth as of the Third Quarter 2017
- > Market growth projections of 3%

Other Markets

- > Reviewing expansion opportunities in existing footprint

National average market growth is predicted at 2.5% and growth of starts of 7%.

THREE LEGS OF STRATEGIC PLAN

1. Solidifying the base:

- > Focus on risk mitigation, improving bid discipline, execution, particularly in Texas, and further reducing costs in all business units

2. Growing high margin products in existing geographies:

- > Focus on the continued expansion of airport, rail, water and commercial business lines

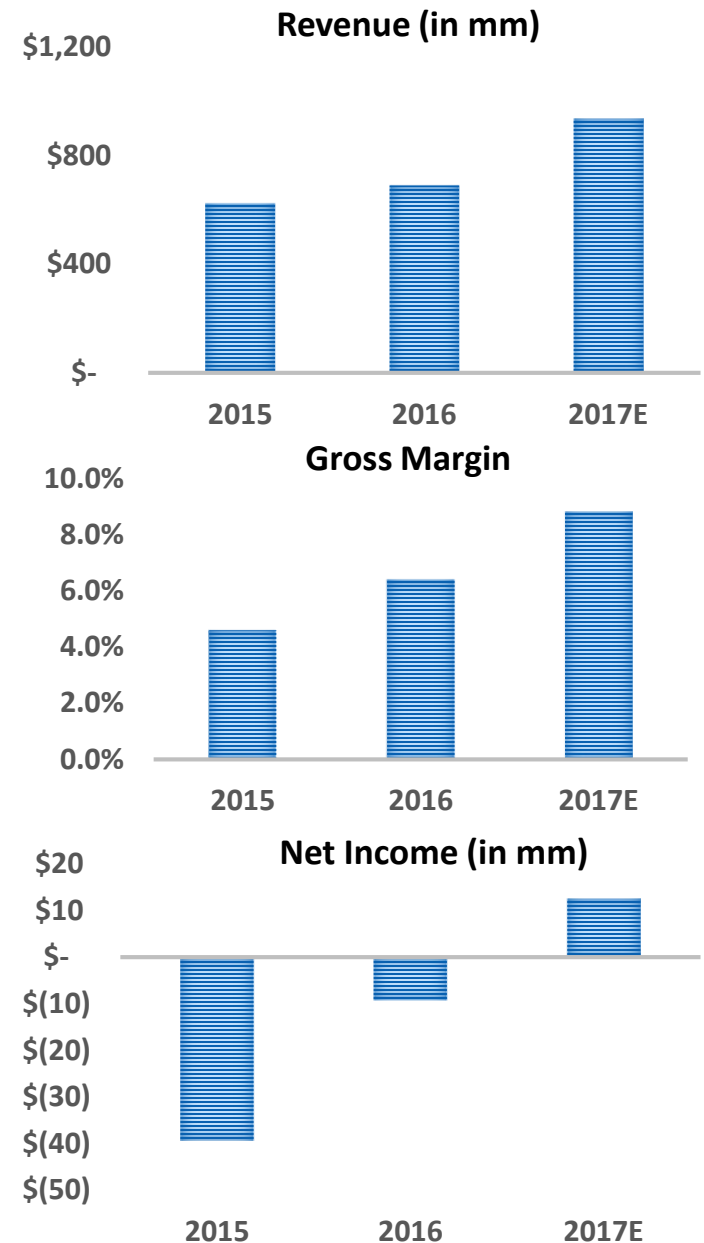
3. Expanding into adjacent markets:

- > Apply Sterling's core skills and experience in new markets and with customers focused on value added performance

SOLIDIFYING THE BASE

Actions over last 24 months have led to significant improvement in financial performance:

- > Disciplined bidding enhanced margin in backlog
- > Stronger execution in our core Heavy Highway business
- > Cost reductions
- > Liquidity and Balance Sheet improvements
- > Acquisition of Residential business



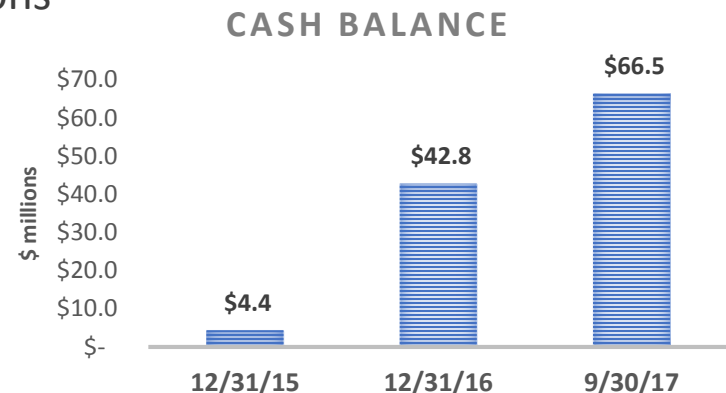
SOLIDIFYING THE BASE – BALANCE SHEET

Debt:

- > Entered into financing with the Strategic Credit Group at Oaktree Capital Management, L.P. for an \$85 million Senior Secured Term Loan Credit Facility. The facility will provides for enhanced flexibility, liquidity and improved costs

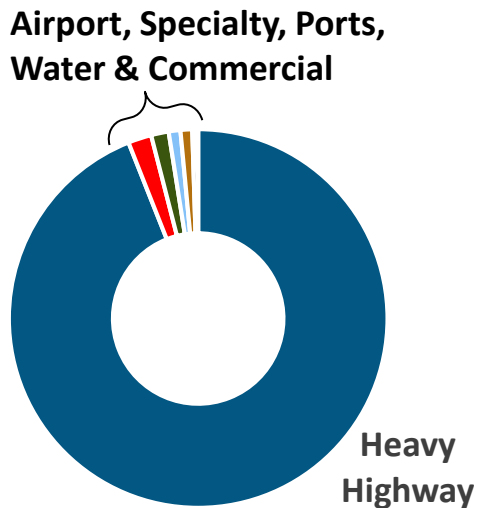
Plan for Next 24 Months:

- > **Strengthen balance sheet** through combination of:
free cash flow generation + asset optimization including potential facility, equipment and business line divestures which provide additional liquidity, fund additional expansion opportunities or pay down the term loan
- > Continue to **improve profitability** of all operations

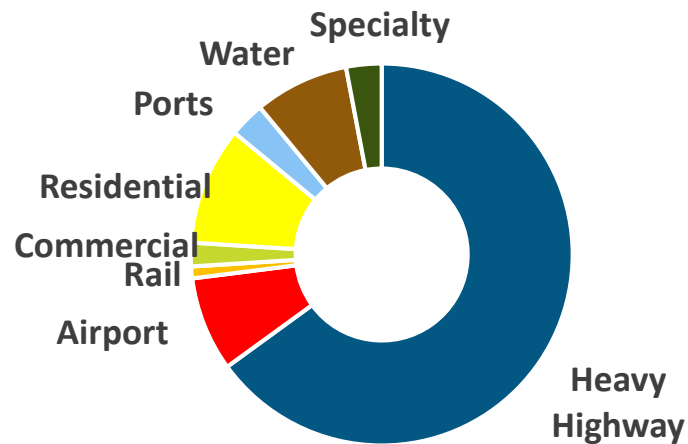


GROWING HIGH MARGIN PRODUCTS IN EXISTING GEOGRAPHIES

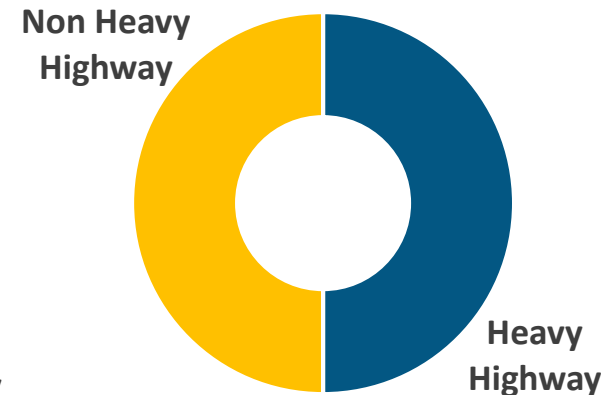
**2015 Backlog
by Project Type**



**2017E Revenue
by Project Type**



**2019E Revenue
by Project Type**



EXPANDING INTO ADJACENT MARKETS

Heavy Civil Construction

- > Airports
 - > Utilize existing talent to expand across current footprint
 - > Focus on growing customer relationships
- > Rail
 - > Enhance focus to expand to adjacent markets

Residential Construction

- > Expansion into other markets in the Gulf Coast area
 - > Houston expected in early 2018 with impact in 2018
 - > Evaluation of markets for next move
 - > Western Louisiana
 - > San Antonio
 - > Austin

Identify areas of expertise that cross markets.

STRONG Q3'17 FINANCIAL PERFORMANCE

Q3'16		Q3'17
\$205.6 mm	Revenues	\$304.2 mm
8.1%	Gross Margin	10.1%
4.4%	SG&A as % of Revenues	4.3%
\$3.7 mm	Operating Income	\$12.6 mm
\$2.4 mm	Net Income	\$7.1 mm
\$0.10	Net Income Per Diluted Share	\$0.26

2017 OUTLOOK

2016 Actuals

2017 Guidance

\$690 mm

Revenues

\$915 mm - \$935 mm

(\$9.2) mm

Net Income

\$11 mm - \$12.5 mm

(\$0.40)

EPS

\$0.41 - \$0.47

\$8.2 mm

Capex⁽¹⁾

~ \$5 mm ⁽¹⁾

(1) Capital expenditures net of proceeds from divestitures

MOMENTUM GOING INTO 2018

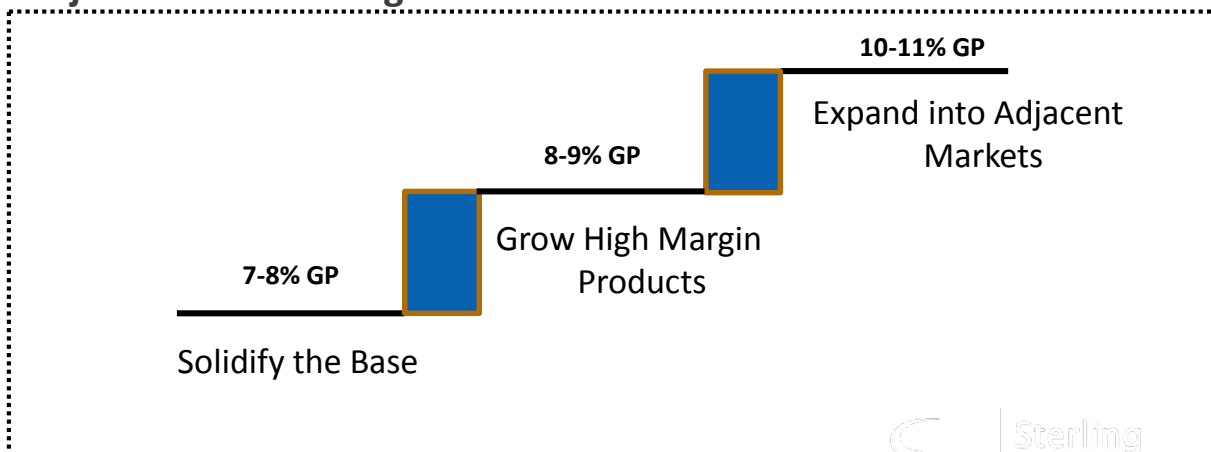
- **Margin expansion opportunity in Texas**
 - > Focus on improving execution and further reducing costs
 - > Drive improved sourcing efforts and further reduce under-performing asset base
- **Attractive bidding opportunities in heavy highway market**
 - > Favorable funding environment
 - > Potential federal infrastructure bill would be additive
- **Lever high margin business lines across regions**
 - > Continued expansion of airport, rail, water and commercial lines
 - > Apply Sterling's core skills and experience in new markets and with customers focused on value added performance
- **Capitalizing on growing residential market in Texas**
 - > April 2017 acquisition of Tealstone – largest residential foundation contractor in DFW metroplex.
 - > Expansion into the Houston market

FUTURE VIEW CALLS FOR SUBSTANTIAL VALUE CREATION

Major Drivers of Revenue Growth:

- > Diversification into higher margin markets
 - Goal for Revenue split of 50/50 between heavy highway and non heavy-highway
- > Leverage opportunities with Residential Construction
- > Further Balance Sheet enhancements
- > Heavy highway market grows ~5%/year
- > Dallas residential grows ~10-12%/year
- > Houston (or other secondary market) residential grows ~2-5%/year

Major Drivers of Margin Growth



INVESTMENT HIGHLIGHTS

New management team has made major progress with turnaround over past 24 months; expect continued operational improvement for the balance of 2017, continuing into 2018

Well positioned in attractive, project-rich geographies

Broad range of capabilities supported by large, diverse equipment fleet and ample bonding capacity

Favorable government funding environment provides outlook for multi-year growth

Recent acquisition enables expansion into adjacent markets, diversification of revenue streams and customer base with higher margin work

Significantly improved balance sheet provides greater liquidity at a reduced interest rate

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