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# INVESTOR PRESENTATION

MAY 2023

[WWW.NWPIPE.COM](http://WWW.NWPIPE.COM)

# FORWARD LOOKING STATEMENTS

Statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on current expectations, estimates, and projections about the Company's business, management's beliefs, and assumptions made by management. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements as a result of a variety of important factors. While it is impossible to identify all such factors, those that could cause actual results to differ materially from those estimated by the Company include changes in demand and market prices for its products, product mix, bidding activity and order cancelations, timing of customer orders and deliveries, production schedules, price and availability of raw materials, excess or shortage of production capacity, international trade policy and regulations, changes in tariffs and duties imposed on imports and exports and related impacts on the Company, economic uncertainty and associated trends in macroeconomic conditions, including potential recession, inflation, and the state of the housing market, interest rate risk and changes in market interest rates, including the impact on the Company's customers and related demand for its products, the Company's ability to identify and complete internal initiatives and/or acquisitions in order to grow its business, the Company's ability to effectively integrate Park Environmental Equipment, LLC and other acquisitions into its business and operations and achieve significant administrative and operational cost synergies and accretion to financial results, effects of security breaches, computer viruses, and cybersecurity incidents, impacts of U.S. tax reform legislation on the Company's results of operations, adequacy of the Company's insurance coverage, supply chain challenges, labor shortages, ongoing military conflicts in Ukraine and related consequences, operating problems at the Company's manufacturing operations including fires, explosions, inclement weather, and floods and other natural disasters, material weaknesses in the Company's internal control over financial reporting and its ability to remediate such weaknesses, impacts of pandemics, epidemics, or other public health emergencies, and other risks discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and from time to time in its other Securities and Exchange Commission filings and reports. Such forward-looking statements speak only as of the date on which they are made, and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release. If the Company does update or correct one or more forward-looking statements, investors and others should not conclude that it will make additional updates or corrections with respect thereto or with respect to other forward-looking statements.

## NON-GAAP MEASURES

The Company is presenting backlog including confirmed orders. This non-GAAP financial measure is provided to better enable investors and others to assess the Company's ongoing operating results and compare them with its competitors. This should be considered a supplement to, and not a substitute for, or superior to, financial measures calculated in accordance with GAAP.

# ABOUT NORTHWEST PIPE COMPANY

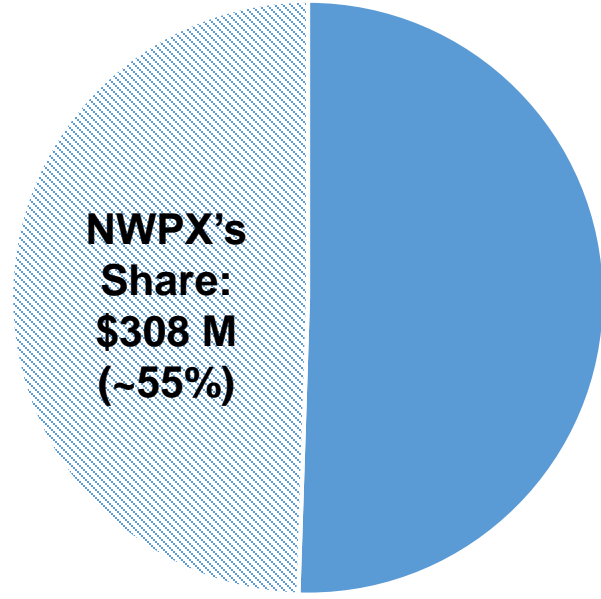
***Leading manufacturer of water-related infrastructure products including engineered steel pressure pipe and precast and reinforced concrete products***

- Founded in 1966 and headquartered in Vancouver, WA
- Strategically positioned to meet North America's growing needs for water and wastewater infrastructure
  - Largest, most flexible capabilities in the water transmission market
  - Supplier of choice for long-distance, raw-water transmission programs
  - Provides solution-based products for a wide range of markets under the ParkUSA, Geneva Pipe and Precast, and Permalok® product lines
  - Widely-recognized reputation for quality, service, and manufacturing capabilities
  - Strong relationships with agencies, engineers, and contractors built over 50+ years
- 13 strategically located manufacturing facilities
  - Twelve in the U.S. and one in San Luis Rio Colorado, Mexico

# LARGE ADDRESSABLE MARKET OPPORTUNITY

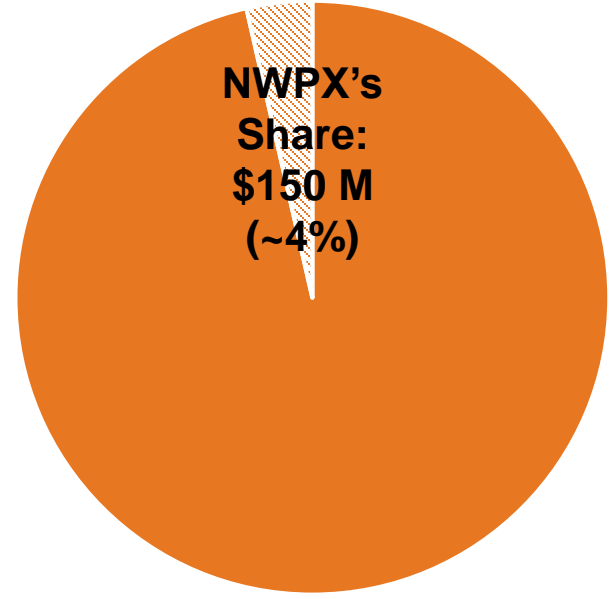
**Solution-based products serve the steel pressure pipe and concrete and precast structure market for a wide range of use cases.**

## Steel Pressure Pipe



**Total Addressable Market:  
\$450 - \$600 M**

## Concrete Pipe & Precast<sup>1</sup>



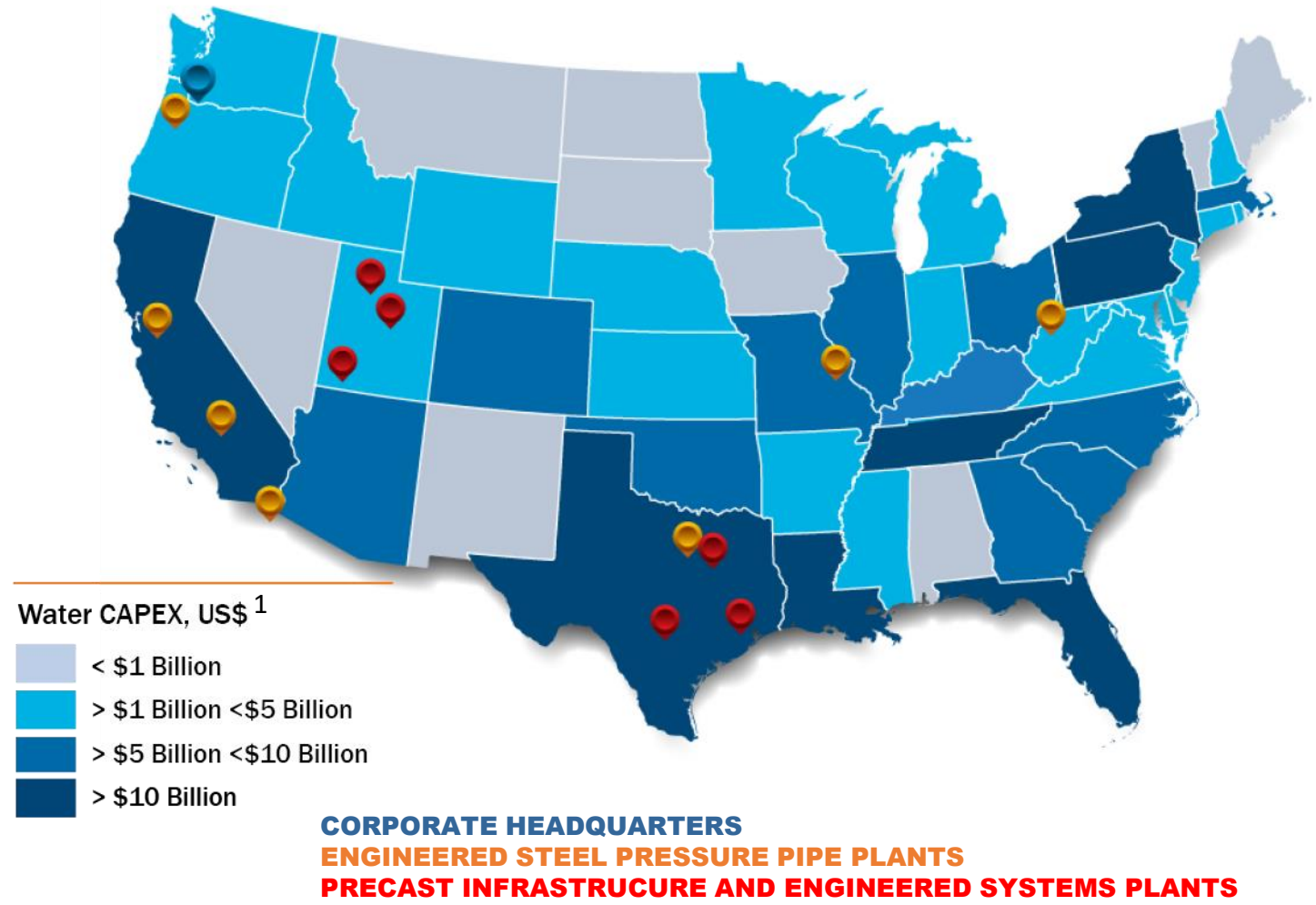
**Total Addressable Market:  
\$2 - \$5 B**

*Note: Market share based on net sales as of the full year ended December 31, 2022. Market sizes based on internal estimates using information as of December 31, 2022. Includes North America.*  
1. The Company's ParkUSA operations primarily serve the water control systems market.

# STRATEGIC FOOTPRINT WITH CUSTOMER ACCESS ACROSS THE U.S.

## 20-year water infrastructure investment need by state

Northwest Pipe is well positioned to serve its customers and states that are most in need of water infrastructure investment.

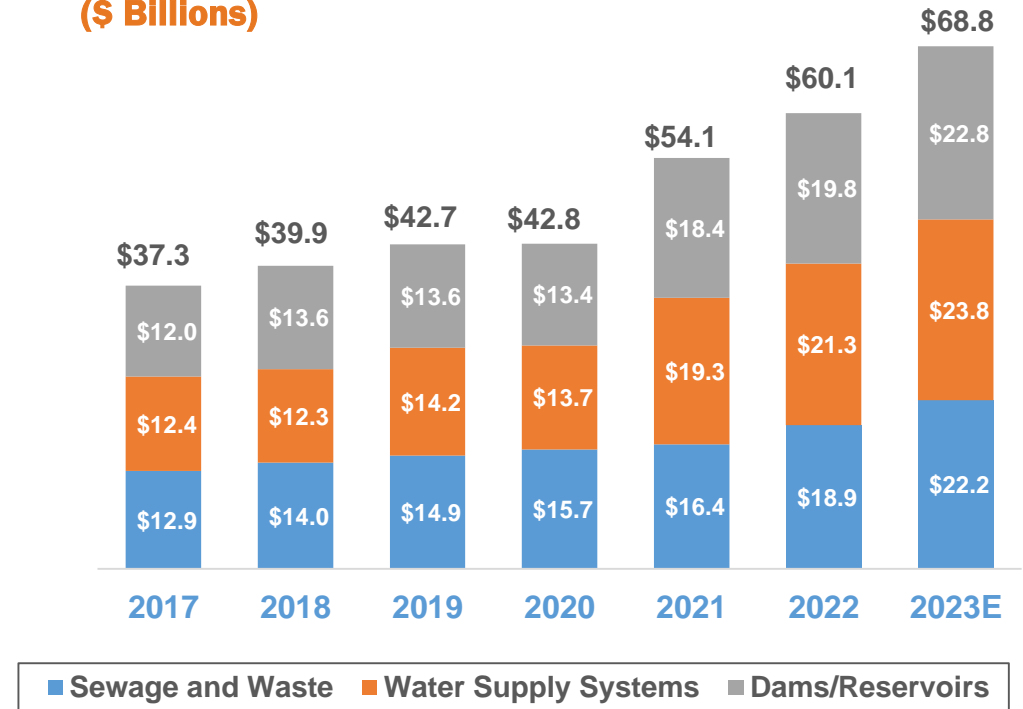


1. Source: Bluefield Research.  
Note: Indicators in Utah in red signify Geneva plants and indicators in Texas in red signify ParkUSA plants.

# FAVORABLE SPP MARKET DYNAMICS<sup>1</sup> 6

- U.S. water consumption equal to 82 gallons per person per day
- Substantial non-revenue water loss:
  - 2.1 trillion gallons of treated drinking water lost annually due to water main breaks (250,000 – 300,000 per year in the US)
  - 6 billion gallons (14-18%) of treated drinking water lost daily due to leaks
- More than ~12,000 miles of water pipes were planned to be replaced by drinking water utilities across the US in 2020 alone
- AWWA estimates \$1 trillion needed to restore and expand the US water system to meet the growing population’s needs
- Capex spending for water 2018–2027 forecast: \$303 billion
  - \$33 billion Texas
  - \$79 billion in the West (\$44 billion in California)
- The steel pressure pipe market has momentum as a result of the long project timelines

## Infrastructure Dollars Impacting Starts Trajectory<sup>2</sup> Environmental Public Works (\$ Billions)



Sources:

1. American Society of Civil Engineers “2021 Infrastructure Report Card” Bluefield Research and American Water Works Association.
2. Chart source: Source: Dodge Construction Network as of November 2022 (Note: historical data through Q3 2022).

# DEMAND DRIVERS



- Aging water and wastewater systems
  - Heightened need for upgrades, repairs, and replacements of existing water infrastructure
- Housing starts
  - Population growth and new population centers intensify the need for new water infrastructure
- Rising demand on developed water sources
- Substantial underinvestment in water infrastructure over the past several decades
- Drought conditions and climate change
  - Existing water sources have become stressed leaving continued opportunities for growth in North American infrastructure
- Increasingly stringent regulatory policies
  - Increased public awareness of problems with the quality of drinking water and efficient water usage

# COMPETITIVE STRENGTHS

## Well-Positioned Industry Leader

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- Largest, most flexible capacity in the Steel Pressure Pipe (“SPP”) market
- Skilled project management group
- In-house fabrication capabilities provide a complete engineered system
- Added core competency in precast concrete provides new opportunities for potential future expansion and/or acquisitions
  - Water control systems acquired via ParkUSA provide unique advantages for growth in both the commercial and residential construction markets
  - Precast footprint in Texas and Utah within the top five fastest growing markets in the US
- Permalok® provides superior product to the microtunneling market
- Dedicated staff focused on improving operational efficiencies at the plant level (internal programs, lean initiatives, etc.)
- National footprint in SPP enables low freight costs





# SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

*We are highly focused on investing in our workforce, health and safety programs, social initiatives, and improvements to our environmental stewardship.*

## Health & Safety

- Industry-leading safety performance over the last four years<sup>1</sup> significantly below the comparable industry average<sup>2</sup>
  - Average total recordable incident rate: 2.35
  - Average days away rate: 0.51
- Comprehensive Employee Assistance Program
- 3 of 13 facilities exceeded 1 M work hours without a lost time accident
- 8 of 13 facilities exceeded one year since their last lost time accident
- Strive for continuous improvement with investment in capital projects that implement engineered safety solutions

## Social Initiatives

- Focus on recruiting diverse leadership across the Company
  - 52% of U.S. employees from underrepresented racial/ethnic groups
  - 13% of U.S. employees are female
- Strive to ensure pay equity for all employees regardless of identity
- Increased transparency on employee representation and pay equity
- Launched Respect in the Workplace training to increase employee awareness
- Leadership Development training launched to sharpen management skills

## Environmental Stewardship

- Develop resilient water systems to manage water quality, distribution and conservation, saving trillions of gallons of water per year
- Acquired ParkUSA operations address emerging contaminants in the water supply that may modify future regulations
- Invest in capital improvement projects to drive efficiencies, improve particulate release and reduce emissions
- Upgraded facility lighting to become more energy efficient, reduce costs and increase visibility for safety
- Working in advance of future regulatory demands to report direct greenhouse gas emissions from operations

# WIDE-RANGING PRODUCT CAPABILITIES <sup>10</sup>



**Engineered Steel  
Water Pipe**



**Permalok® Steel  
Casing Pipe**



**RCP & Precast  
Concrete**



**Lined RCP Pipe  
& Manholes**



**Stormwater  
Technology**



**Wastewater  
Technology**



**Pump Lift  
Stations**



**Bar-Wrapped  
Concrete Pipe**

# GROWTH STRATEGY

***Northwest Pipe's goal is to create transformational growth and profitability in order to drive shareholder value.***

The strategy is two-pronged:

1. Growth in precast-related market through organic growth "Product Spread" strategy and acquisitions:
2. Maximize steel pressure pipe water transmission business through cost reduction measures, Lean manufacturing and a continued emphasis on margin over volume to drive further efficiencies, while being opportunistic with the limited but identified potential acquisition opportunities (once the integration of ParkUSA is complete).



# PRODUCT SPREAD STRATEGY

***An initiative to add the production of ParkUSA products to legacy Northwest Pipe plants, and vice versa in order to expand our production and maximize overall efficiencies.***

## Level 1

- Build out capacity utilization at ParkUSA plants in Texas
  - Booked approximately \$8 M orders outside of Texas in the last twelve months<sup>1</sup>
  - Expansion will require retrofit of existing facilities
- Begin where we already have production facilities; control production, low cost of entry
  - Initial focus on wastewater products, stormwater, and water distribution
- Complete ERP system integration for ParkUSA

## Level 2

- Produce and ship ParkUSA products out of legacy Northwest Pipe plants
  - Pre-existing Geneva precast operations to serve as the pilot locations in 2023
  - Establish products at additional legacy Northwest Pipe locations once ParkUSA products are established at the Geneva locations
- Emphasizing cross-training across facilities
  - Share knowledge and best practices from ParkUSA with employees at pre-existing Geneva Precast operations

1. As of March 31, 2023.

# ACQUISITION CRITERIA

***Northwest Pipe's acquisition criteria focuses on organic growth, strong margin characteristics, solid asset efficiency and a positive cash flow profile.***

## **Priorities Include**

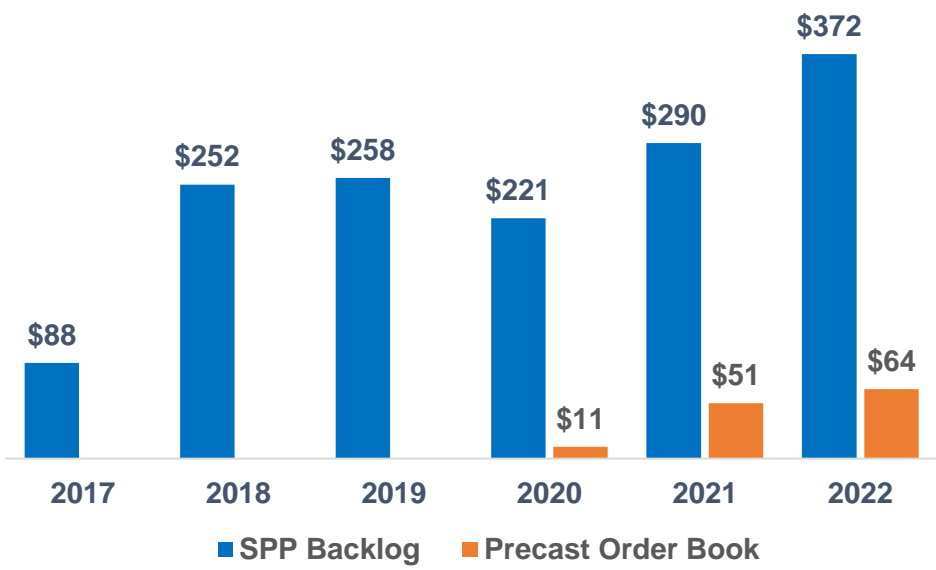
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- Accretive to earnings
- Asset efficiency
- Strong financial performance
- Industry and geographic location aligns with strategic growth plan
- Performance indicators based on revenue and EBITDA thresholds
- Strong brand reputation and relationships in industry
- Experienced management teams

# STRONG DEMAND DRIVES STRONG PERFORMANCE

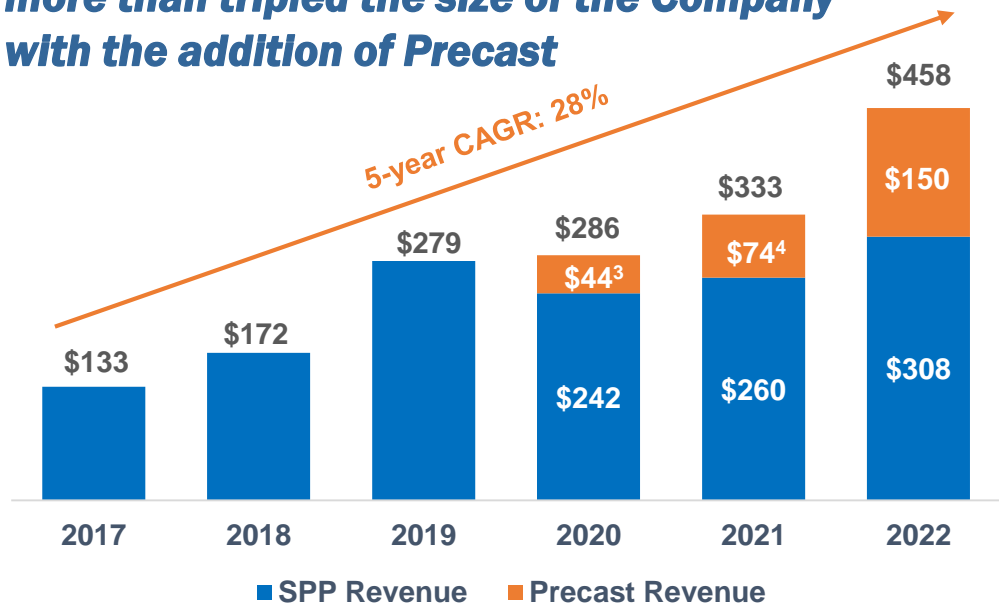
## Backlog<sup>1</sup> and Order Book<sup>2</sup> (\$ Millions)

**Achieved record SPP backlog and maintained strong Precast order book in 2022**



## Revenue (\$ Millions)

**Grew SPP revenues by over 2x since 2017 and more than tripled the size of the Company with the addition of Precast**



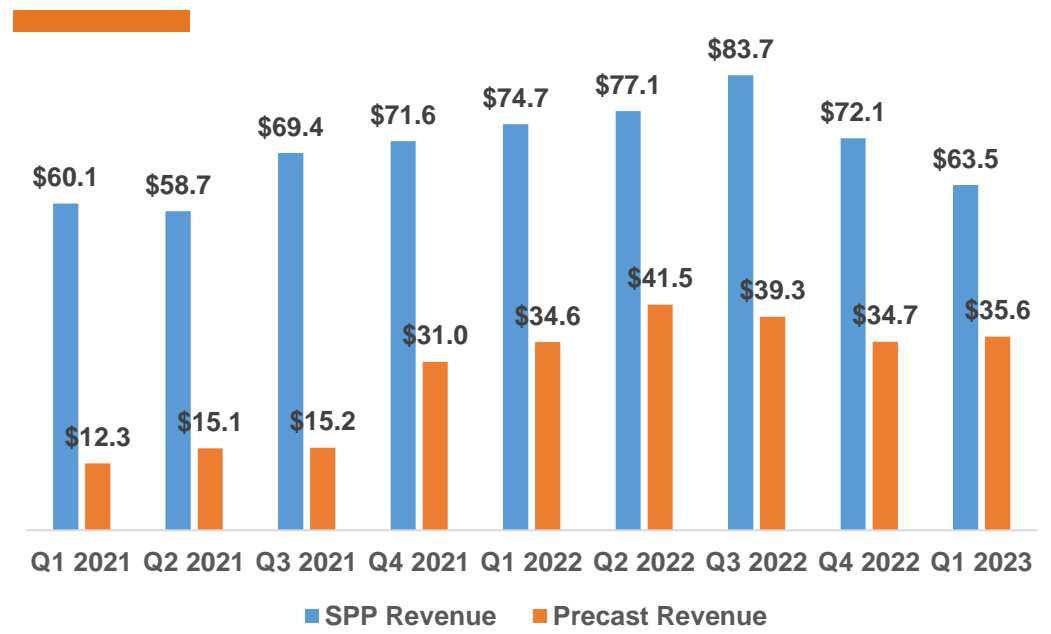
Note: Precast refers to Precast Infrastructure and Engineered Systems & SPP refers to Engineered Steel Pressure Pipe.

1. Backlog includes confirmed orders (SPP projects for which the Company has been notified that it is the successful bidder, but a binding agreement has not been executed).
2. Order Book includes unfulfilled orders outstanding at the measurement date for the Precast segment. 2021 is the first period that includes the order book for ParkUSA.
3. Pro forma net sales for Precast would have been approximately \$48 million if the acquisition of Geneva had occurred on January 1, 2020 as opposed to January 31, 2020.
4. Pro forma net sales for Precast would have been approximately \$125 million if the acquisition of ParkUSA had occurred on January 1, 2021 as opposed to October 5, 2021.

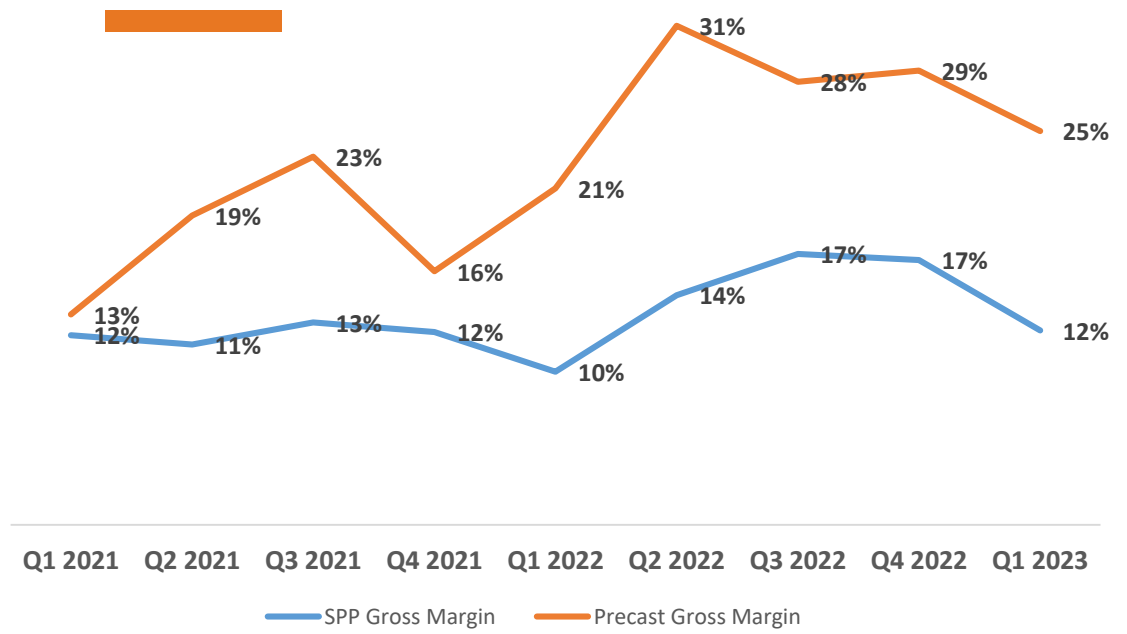
# Q1 2023 HIGHLIGHTS

- Backlog of \$370 million including confirmed orders<sup>1</sup> for the Engineered Steel Pressure Pipe segment
- Strong order book of \$58 million for the Precast Infrastructure and Engineered Systems segment

## Net Sales by Segment (\$ Millions)



## Gross Profit by Segment (\$ Millions)



Note: SPP refers to Engineered Steel Pressure Pipe & Precast refers to Precast Infrastructure and Engineered Systems.  
 Note: In the Precast segment, the Company completed the acquisition of Geneva on January 31, 2020 and completed the acquisition of ParkUSA on October 5, 2021.

# STRATEGIC AND OPERATIONAL INITIATIVES

1. Take every precaution to keep our employees safe through the ongoing pandemic
2. Integrate ParkUSA acquisition as quickly and as efficiently as possible
3. Improve performance through a persistent focus on margin over volume
4. Continue to implement cost reductions and efficiencies at all levels of the Company
5. Identify strategic opportunities to grow the Company through expansion or acquisitions





# INVESTMENT HIGHLIGHTS

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- Well-positioned to benefit from historic strong backlog and growing market demand for both new and existing water infrastructure upgrades
- Large addressable market provides opportunities for further expansion
- Diversification strategy helps reduce impacts from market cyclicalities and improve free cash flow generation
- Variable cost structure provides financial flexibility
- Strong balance sheet
- Experienced management team with over 100 years of collective industry experience

# APPENDIX

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# STRATEGIC ACQUISITIONS

## GENEVA PIPE AND PRECAST

- Completed the acquisition of Geneva Pipe and Precast on January 31, 2020 for \$49.4 million
- Concrete pipe and precast concrete products, plants located in Utah
- Products used for waste and storm water applications by cities, municipalities and local governments
- Development of innovative products and extend the life of concrete pipe and manholes for sewer applications

### TRANSACTION RATIONALE

- Significantly expands addressable market
- Serves smaller scale, more transactional projects
- Cross-sell products across combined footprint
- Strong financial performance with attractive profit margins and top-line growth
- Scalable business model with faster cash conversion cycle
- Strong brand reputation and relationships in the industry

## PARKUSA

- Completed the acquisition of ParkUSA on October 5, 2021 for \$90.2 million
- Technology leader in water infrastructure
- Focused on precast concrete and steel fabrication based water products
- Stable, more transaction oriented revenue model with solid margin characteristics
- Solutions provider with strong brand reputation and customer relationships
- Approximately 280 employees at December 31, 2020 with annual revenues of \$66.5 million
- Founded in Houston, Texas in 1984 by the Eberly family

### TRANSACTION RATIONALE

- Opportunity to continue expansion into precast and adjacent water segments
- Attractively positioned with a foothold in Texas water market
- Scalable product mix serves a diverse range of end markets
- Roll-out strategy introduces ParkUSA process to existing Northwest Pipe locations

# EASTERN MARKET UPDATE: WATER TRANSMISSION PROJECTS

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***H.R.3684 Infrastructure Investment and Jobs Act has been signed into law adding \$55 billion in federal funding for relevant, water infrastructure projects through Fiscal Year 2026.***

- **Houston – Surface Water Program**
  - Bidding 3,600 tons of pipe in 2023 across multiple projects
  - Additional sections planned for 2024 for West and North Harris County Regional Water Authorities
- **Central Texas – The Alliance Regional Water Authority Program**
  - Multi-agency regional water program including a large pipeline, pump stations, and treatment facilities
  - Remaining 2,700 tons of pipe expected to bid in 2023
- **North Dakota – Red River Valley Water Supply Project**
  - 140-mile 87,000-ton project with first two segments awarded to Northwest Pipe with installation currently underway
  - The first two segments were awarded to NW Pipe and installation is currently underway
  - Closely tracking the outcome of further budget approval for future segment construction

# WESTERN MARKET UPDATE:

# WATER TRANSMISSION PROJECTS

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- **California – Prop 1 \$7.5 B Bond for Water Infrastructure**
  - The Sites Reservoir – water storage project with over 30 miles of 144” pipeline; received \$30M in IIJA funding in Q4 2022
  - Harvest Water – provides recycled wastewater for agricultural use in Sacramento with nearly 25 miles of 30”-66” pipeline; first segments expected to bid in late 2023
  - Los Vaqueros Reservoir Expansion – program to provide substantial capacity improvement to existing reservoir and conveyance facilities in Northern CA with approximately 22 miles of 48”- 96” pipeline
  - Willow Springs Water Bank – program to create 500,000 acre-feet of underground water storage in the Antelope Valley with approximately 16 miles of 30”- 84” pipeline
- **California Water Reuse Programs**
  - MWD & LA Sanitation District Regional Reuse Pilot Project – treat and recycle water from one of the largest reclamation facilities in Southern CA (60+ miles of large diameter (>60” pipe) as early as 2025
  - MWD PCCP rehabilitation programs – expect to result in about 5,000 tons/annually over the next 10-15 years (~81 miles of pipe from 75”- 120”)
- **So. Nevada – Water Authority**
  - Expansion of southern part of water delivery system (~25 miles of 78” steel pipe); construction tentatively scheduled for 2025
- **Utah – Lake Powell Pipeline**
  - Design and permitting continues on the 150 mile, 69-inch pipe, which will provide an alternative source of water for southern Utah
- **New Mexico – U.S. Bureau of Reclamation’s Navajo-Gallup Supply Program**
  - Governor Gisham recently announced \$160 million in IIJA funding for the completion of the Eastern New Mexico Rural Water System
  - Remaining pipeline segments include 15,000 tons of steel pipe to convey water from the Ute Reservoir in northern New Mexico south to water users in the greater Clovis area

# Q&A

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