AMRC Prepared Remarks Q1 2025 FINAL

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Leila Dillon - SVP Marketing & Communications

Thank you, _____ , and good afternoon, everyone. We appreciate you joining us for today's call. Our speakers on the call today will be George Sakellaris, Ameresco's Chairman and Chief Executive Officer and Mark Chiplock, Chief Financial Officer. In addition, our Chief Investment Officer Josh Baribeau will be available during Q&A to help answer questions. Before I turn the call over to George, I would like to make a brief statement regarding forward-looking remarks.

Today's earnings materials contain forward-looking statements, including statements regarding our expectations. All forward-looking statements are subject to risks and uncertainties. Please refer to today's earnings materials, the safe harbor language on slide 2 of our supplemental information and our SEC filings for a discussion of the major risk factors that could cause our actual results to differ from those in our forward-looking statements. In addition, we use several non-GAAP measures when presenting our financial results. We have included the reconciliations to these measures and additional information in our supplemental slides that were posted to our website. Please note that all comparisons that will be discussed today are on a year-over-year basis, unless otherwise noted.

I will now turn the call over to George. George?

George Sakellaris – CEO

Thank you, Leila, and good afternoon everyone.

First, I'd like to thank the entire Ameresco team as we celebrate the Company's 25th year anniversary. It's been an amazing journey establishing Ameresco as a leader in our industry, and delivering over $16 billion in customer solutions dedicated to reducing energy consumption, enhancing energy infrastructure and resiliency, and developing proven pathways to decarbonization.

While the current environment remains challenging, the drivers of our business remain strong. Global power demand grows, electricity costs continue to rise and grid reliability is deteriorating – as we saw in Europe a few days ago. All of these will increase the demand for distributed, diversified, resilient energy solutions.

The team's outstanding execution led to a strong start to the year with results exceeding our expectations. First quarter revenue and adjusted EBITDA grew 18 and 32 percent respectively. These results also highlighted the strength of our diversified business model as we experienced material growth in both our Projects and Energy Asset business, including strong performance in Europe and Canada. We also increased our total project backlog to almost $5 billion, bringing our total revenue visibility across our businesses to almost $10 billion. This was another quarter of significant contract conversion success, resulting in a contracted project backlog of $2.6 billion, representing a growth rate of almost 80%. And these positive business trends have continued into the second quarter.

I also wanted to comment on some of the well-known challenges facing our industry and provide some insights into how the Ameresco team is working to overcome them.

First, let me cover our work with the Federal Government. This business accounts for approximately 30 percent of our current total project backlog with military-related customers accounting for approximately two thirds and GSA or civilian agency-related project work of approximately one third. We've provided a breakdown of our backlog by end market in our supplemental slides. Because these Federal contracts have multi-year execution cycles, they are expected to account for less than twenty percent of our 2025 project revenue.

We noted on our last conference call that we had encountered one cancellation on a project contracted earlier in January, and a pause on two other contracts. We are pleased to report that the project that had been cancelled has now been rescoped, and the other two contracts have now been “unpaused”. Also, we have not encountered any additional cancellations or delays in our Federal contracts. So, while it is too early to say that there will be no additional future disruptions, we are cautiously optimistic.

And as the current administration’s priorities come into focus, we believe our broad and deep technical expertise and our agnostic approach will help us promote our offerings. Interestingly, we are now seeing a significant number of recently issued Federal RFPs focused on our core competencies of resiliency and increasing the power supply through new energy infrastructure.

The Government's recent release of a Request for Information about the possible use of DOE land to support growing demand for data centers. Following that, the DOE has identified 16 potential sites uniquely positioned for rapid data center construction, including in-place energy infrastructure with the ability to fast-track permitting for new energy generation.

For example, we are seeing more opportunities to leverage Federal lands for critical energy infrastructure projects. The Kupono 44 MW solar and 44 MW battery project is a perfect example of how this can work. We leveraged an enhanced use lease with the Navy at Pearl Harbor to build this critical energy infrastructure that supports not only the base, but also the Hawaiian Electric grid. We are also developing a 99 MW firm power plant and advanced microgrid project on the same base. We are utilizing similar structures, including enhanced use leases, to develop datacenter energy infrastructure projects with the Department of Defense.

As we captured on another new slide in our supplemental deck detailing our project backlog by technology, Ameresco is very well diversified in our expertise with efficiency, resiliency and power production solutions. Approximately 50% of our total project backlog includes energy infrastructure projects, using generation technologies such as gas turbines, engines, solar, hydroelectric, and resiliency technologies such as large-scale battery storage and microgrids. We believe our solutions are a good match for the evolving energy landscape which is demanding ever increasing amounts of electricity and higher levels of resiliency. We are very excited about the opportunities ahead for our work with not only the Federal Government, but with all of our customers across our core markets, including Utilities, Data Centers, Co-Ops, and large C&I.

I also wanted to discuss the dynamic tariff landscape that we, like every other company in our industry, are facing. First, I'd like to point out that much of the equipment for current ongoing Projects and Energy Assets in development has already been purchased and is in the country or already on the work sites, which we believe shields us from near-term price increases. Longer term, we will work to mitigate price increases during contract negotiations and reprice where possible. It is important to note that the majority of our solar and battery projects are international, and therefore not subject to US tariffs. As many of our shareholders know, this is not the first time Ameresco has faced tariffs or inflation, and we have experience overcoming similar difficult pricing dynamics. We have strong relationships with domestic and global vendors and a healthy backlog of projects, giving us a position of strength with our vendors and partners.

I will now turn the call over to Mark to comment on our financial performance and 2025 outlook. Mark?

Mark Chiplock – CFO

Thank you, George, and good afternoon everyone.

We delivered strong first quarter results with total revenue growing 18% and Adjusted EBITDA growing 32%. Our Projects business revenue grew 23%, reflecting outstanding execution and our laser focus on the conversion of our backlog. Also, as George mentioned, we did not encounter any additional delays or cancellations with the Federal Government and those contracts that we highlighted during our fourth quarter call which have now been unpaused or rescoped. Beyond our Federal project work, we also had a strong quarter in Europe, Canada and several US regions. This performance speaks to the diversity of our customers, geographies and types of solutions that is a hallmark of the Ameresco business model.

Energy Asset revenue grew 31%, driven largely by the growth of assets in operation compared to last year with our base of operating assets now standing at 742 megawatts. We have also taken steps to mitigate lower RIN prices for the year through our dynamic hedging strategy with our remaining 2025 anticipated RIN exposure at only 20 percent. The revenue decline in our Other line of business is attributed directly to the divestiture of our AEG business at the end of 2024.

Gross margin of 14.7% was largely in line with our expectations, reflecting a greater mix of revenue from large, European EPC contracts. As a reminder, while these design-build projects have a lower gross margin profile, they help to diversify our business as well as create strong operating leverage, as they require very little incremental operating expense for the gross profit dollars they contribute.

Net income attributable to common shareholders was a loss of $5.5 million, or $0.10 per share. Adjusted EBITDA of $40.6 million, increased 32% reflecting our strong revenue growth, tight cost controls and the power of our lean, scalable business model.

We continued to see substantial growth in our total project backlog which grew 22% to $4.9 billion. Importantly we converted $330 million of awards to contracts during the quarter driving our contracted project backlog up 80% to $2.6 billion. Our Project teams continued to deliver on contract conversion and execution to increase revenue and cash flow generation. We also added $367 million of new project awards to our awarded backlog during the quarter.

Turning to our balance sheet and cash flows, we ended the quarter in a solid cash position with approximately $72 million in cash and total corporate debt of $270 million. During the first quarter, we successfully executed approximately $334 million in financing commitments, which included extending and upsizing our senior secured credit facility, to help fund our growth.

With our strong first quarter results and forward visibility, we are pleased to re-affirm our guidance ranges for 2025 Revenue and Adjusted EBITDA of $1.9 billion and $235 million, at the midpoints.

Our team's outstanding execution drove faster implementation during the first quarter of approximately $30 million of project revenue. To assist with shaping for the remainder of the year, we are maintaining our expectation for the cadence of revenue in the second half of 2025 to represent approximately 60% of our total revenue. Accounting for our strong Q1 results, we anticipate Q2 revenue will be in the range of approximately $400 - $425 million.

Now I'd like to turn the call back to George for closing comments.

George Sakellaris – CEO

Thank you, Mark.

As you have heard, we had a very solid start to the year, and we have seen this momentum continue into the second quarter. For over 25 years, we have built an organization with unmatched expertise in developing, structuring, and delivering energy projects. Our business model is resilient, with a majority of our Adjusted EBITDA coming from our long-term recurring revenue businesses, as well as from the strong multi-year visibility inherent in our Project backlog. Furthermore, we believe our Projects business will continue to grow as we expect to capture more of the emerging infrastructure and resiliency build out. We are also a global business, diversified by end customer, technology and geography, which should allow us to continually support changing policy in any geography while maximizing our growth and earnings. In closing, I would like to once again thank our employees, customers and stockholders for their continued support.

Operator we would like to open the call to questions.