May 9, 2025

# Construction Partners, Inc. Announces Fiscal 2025 Second Quarter Results

*Revenue Up 54% Compared to Q2 FY24*

*Net Income of $4.2 Million & EPS of $0.08*

*Adjusted EBITDA Up 135% Compared to Q2 FY24*

*Record Backlog of $2.84 Billion*

*Company Raises FY25 Outlook*

DOTHAN, Ala., May 9, 2025 /PRNewswire/ -- Construction Partners, Inc. (NASDAQ: ROAD) ("CPI," the "Company," "we," "our" or "us"), a vertically integrated civil infrastructure company specializing in the construction and maintenance of roadways in local markets throughout the Sunbelt, today reported financial and operating results for the fiscal quarter ended March 31, 2025.

Fred J. (Jule) Smith, III, the Company's President and Chief Executive Officer, said, "We are pleased to report a strong second quarter marked by significant year-over-year growth in revenues, net income and Adjusted EBITDA, leading to an Adjusted EBITDA margin of 12.1%, up more than 400 basis points from the same quarter last year. Continuing the substantial momentum established in the first quarter of our fiscal year, the operational performance of our family of companies was outstanding, especially during this winter quarter, when shorter days and colder weather typically limit construction activity. Throughout our Sunbelt footprint, our local teams continued to win more project work, growing our project backlog to a record $2.84 billion. We are well-positioned for continued success to build out this record backlog as we move into the busy construction work season in the second half of our fiscal year. We continue to experience healthy federal and state project funding across our geographies in addition to a steady workflow of commercial projects, with many of our local markets representing some of the fastest growing MSAs in the Sunbelt."

Smith continued, "Last week, we announced our latest acquisition with the purchase of PRI, adding its nearly 300 employees to the CPI family of companies as our platform company in Tennessee. PRI now stretches our operations the length of the state, from Knoxville in the east to the greater Memphis metro area in the west, and will include our pre-existing Tennessee operations, consisting of three hot-mix asphalt plants and construction operations in the Nashville metro area. As with all of our platform acquisitions, a key strategic criterion is an established and deeply experienced leadership team that fits our culture, our focus on safety, and our relative market share growth strategy for further expansion. Under the leadership of Jon Hargett, Greg Ailshie and PRI's entire management team, our new platform company will benefit from decades of collective experience and technical expertise of seasoned industry veterans in Tennessee. Tennessee is a state ripe with organic and acquisitive growth opportunities, driven by strong economic growth, favorable demographic trends, and a healthy transportation funding program."

Revenues were $571.7 million in the second quarter of fiscal 2025, an increase of 54% compared to $371.4 million in the same quarter last year. The $200.3 million revenue increase included $173.1 million of revenues attributable to acquisitions completed during or subsequent to the three months ended March 31, 2024, and an increase of approximately $27.2 million of revenues in the Company's existing markets. The mix of total revenue growth for the quarter was approximately 7% organic and approximately 47% from recent acquisitions.

Gross profit was $71.4 million in the second quarter of fiscal 2025, compared to $38.8 million in the same quarter last year.

General and administrative expenses were $46.7 million in the second quarter of fiscal 2025, compared to $36.0 million in the same quarter last year, and as a percentage of total revenues, decreased 150 basis points to 8.2% compared to 9.7% in the same quarter last year.

Net income was $4.2 million in the second quarter of fiscal 2025 and $0.08 per diluted share, compared to a net loss of $1.1 million and diluted losses per share of $(0.02) in the same quarter last year.

Adjusted EBITDA(1) in the second quarter of fiscal 2025 was $69.3 million, an increase of 135% compared to $29.5 million in the same quarter last year. Adjusted EBITDA margin(1) in the second quarter of fiscal 2025 was 12.1%, compared to 7.9% in the same quarter last year.

Project backlog was a record $2.84 billion at March 31, 2025, compared to $1.79 billion at March 31, 2024 and $2.66 billion at December 31, 2024.

Smith added, "Reflecting the expected contribution of the newly acquired PRI and our strong second quarter results, we are raising our fiscal 2025 outlook ranges. We continue to see customer demand for both publicly funded and commercial project work throughout our well-funded and growing Sunbelt states, representing some of the fasting growing areas in the country, and we remain focused on delivering long-term value to our investors and other stakeholders."

**Fiscal 2025 Outlook**

The Company is raising its outlook ranges for fiscal 2025 with regard to revenue, net income, Adjusted net income, Adjusted EBITDA and Adjusted EBITDA margin as follows:

- Revenue in the range of $2.77 billion to $2.83 billion
- Net income in the range of $106.0 million to $117.0 million
- Adjusted net income(1) in the range of $122.5 million to $133.5 million

- Adjusted EBITDA[(1)] in the range of $410.0 million to $430.0 million
- Adjusted EBITDA margin[(1)] in the range of 14.8% to 15.2%

Ned N. Fleming, III, the Company's Executive Chairman, stated, "CPI's continued operational and financial strength are a testament to our organization's culture and leadership, executing a proven growth strategy to increase profitability, expand margins and successfully integrate newly acquired companies. Strategically positioned local market operations across the Sunbelt benefit from the support of our larger organization to bid, win and build critical infrastructure projects for recurring customers, both public and commercial. Our country's infrastructure repair and maintenance needs are considerable and growing with the expansion of new roadway capacity. CPI will continue to benefit from opportunities afforded by a generational investment in infrastructure and population growth into the Sunbelt. As we continue to expand our geographic footprint and increase the size and scale of operations in an extremely fragmented industry, we expect to generate strong returns to enhance shareholder value."

**Conference Call**

The Company will conduct a conference call today at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) to discuss financial and operating results for the fiscal quarter ended March 31, 2025. To access the call live by phone, dial (412) 902-0003 and ask for the Construction Partners call at least 10 minutes prior to the start time. A telephonic replay will be available through May 16, 2025 by calling (201) 612-7415 and using passcode ID: 13753204#. A webcast of the call will also be available live and for later replay on the Company's Investor Relations website at www.constructionpartners.net.

**About Construction Partners, Inc.**

Construction Partners, Inc. is a vertically integrated civil infrastructure company operating in local markets throughout the Sunbelt in Alabama, Florida, Georgia, North Carolina, Oklahoma, South Carolina, Tennessee and Texas. Supported by its hot-mix asphalt plants, aggregate facilities and liquid asphalt terminals, the Company focuses on the construction, repair and maintenance of surface infrastructure. Publicly funded projects make up the majority of its business and include local and state roadways, interstate highways, airport runways and bridges. The Company also performs private sector projects that include paving and sitework for office and industrial parks, shopping centers, local businesses and residential developments. To learn more, visit www.constructionpartners.net.

**Cautionary Note Regarding Forward-Looking Statements**

Certain statements contained herein that are not statements of historical or current fact constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. These statements may be identified by the use of words such as "may," "will," "expect," "should," "anticipate," "intend," "project," "outlook," "believe" and "plan." The forward-looking statements contained in this press release include, without limitation, statements related to financial projections, future events, business strategy, future performance, future operations, backlog, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management. These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Important factors could cause actual results to differ materially from those expressed in the forward-looking statements, including, among others: declines in public infrastructure construction and reductions in government funding, including the funding by transportation authorities and other state and local agencies; risks related to our operating strategy; competition for projects in our local markets; risks associated with our capital-intensive business; government inquiries, requirements and initiatives, including those related to funding for public infrastructure construction, land use, environmental, health and safety matters, and government contracting requirements and other laws and regulations; unfavorable economic conditions and restrictive financing markets; our ability to successfully identify, manage and integrate acquisitions; our ability to obtain sufficient bonding capacity to undertake certain projects; our ability to accurately estimate the overall risks, requirements or costs when we bid on or negotiate contracts that are ultimately awarded to us; the cancellation of a significant number of contracts or our disqualification from bidding for new contracts; risks related to adverse weather conditions; climate change and related laws and regulations; our substantial indebtedness, costs associated therewith and the restrictions imposed on us by the terms thereof; our ability to manage our supply chain in a manner that ensures that we are able to obtain adequate raw materials, equipment and essential supplies; failure to implement growth strategies in a timely manner; our ability to retain key personnel and maintain satisfactory labor relations, and to manage or mitigate any labor shortages, turnover and labor cost increases; the impact of inflation on costs of labor, raw materials and other items that are critical to our business, including fuel, concrete and steel; unfavorable developments affecting the banking and financial services industry; property damage and other claims and insurance coverage issues; the outcome of litigation or disputes, including employment-related, workers' compensation and breach of contract claims; risks related to our information technology systems and infrastructure, including cybersecurity incidents; our ability to maintain effective internal control over financial reporting; and the risks, uncertainties and factors set forth under "Risk Factors" in the Company's most recent Annual Report on Form 10-K and its subsequently filed Quarterly Reports on Form 10-Q. Forward-looking statements speak only as of the date they are made. The Company assumes no obligation to update forward-looking statements to reflect actual results, subsequent events, or circumstances or other changes affecting such statements, except to the extent required by applicable law.

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(1) Adjusted net income, Adjusted EBITDA and Adjusted EBITDA margin are financial measures not presented in accordance with generally accepted accounting principles ("GAAP"). Please see "Reconciliation of Non-GAAP Financial Measures" at the end of this press release.

*- Financial Statements Follow -*

**Construction Partners, Inc.**
**Consolidated Statements of Comprehensive Income**
**(unaudited, in thousands, except share and per share data)**

| | For the Three Months Ended March 31, | | For the Six Months Ended March 31, | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| Revenues | $ 571,650 | $ 371,427 | $ 1,133,230 | $ 767,932 |
| Cost of revenues | 500,300 | 332,626 | 985,309 | 677,251 |
| **Gross profit** | 71,350 | 38,801 | 147,921 | 90,681 |
| General and administrative expenses | (46,662) | (35,981) | (90,928) | (71,435) |
| Acquisition-related expenses | (806) | (771) | (20,358) | (1,298) |
| Gain on sale of property, plant and equipment, net | 3,407 | 1,031 | 4,462 | 1,867 |
| **Operating income** | 27,289 | 3,080 | 41,097 | 19,815 |
| Interest expense, net | (21,592) | (4,568) | (39,722) | (8,314) |
| Other income (expense) | (159) | 46 | 262 | 18 |
| **Income (loss) before provision for income taxes and earnings from investment in joint venture** | 5,538 | (1,442) | 1,637 | 11,519 |
| Provision (benefit) for income taxes | 1,310 | (321) | 461 | 2,797 |
| Loss from investment in joint venture | (13) | (3) | (12) | (3) |
| **Net income (loss)** | 4,215 | (1,124) | 1,164 | 8,719 |
| **Other comprehensive income (loss), net of tax** | | | | |
| Unrealized gain (loss) on interest rate swap contract, net | (2,890) | 2,478 | (21) | (4,627) |
| Unrealized gain (loss) on restricted investments, net | 231 | (87) | (102) | 313 |
| **Other comprehensive income (loss)** | (2,659) | 2,392 | (123) | (4,313) |
| **Comprehensive income** | $ 1,556 | $ 1,268 | $ 1,041 | $ 4,406 |
| | | | | |
| **Net income (loss) per share attributable to common stockholders:** | | | | |
| Basic | $ 0.08 | $ (0.02) | $ 0.02 | $ 0.17 |
| Diluted | $ 0.08 | $ (0.02) | $ 0.02 | $ 0.17 |
| | | | | |
| **Weighted average number of common shares outstanding:** | | | | |
| Basic | 55,248,526 | 51,938,216 | 54,698,442 | 51,915,069 |
| Diluted | 55,669,646 | 51,938,216 | 55,141,358 | 52,523,100 |

**Construction Partners, Inc.**
**Consolidated Balance Sheets**
**(in thousands, except share and per share data)**

| | March 31, 2025 (unaudited) | September 30, 2024 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 101,855 | $ 74,686 |
| Restricted cash | 1,729 | 1,998 |
| Contracts receivable including retainage, net | 409,209 | 350,811 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 46,488 | 25,966 |
| Inventories | 146,901 | 106,704 |
| Prepaid expenses and other current assets | 23,330 | 24,841 |
| Total current assets | 729,512 | 585,006 |
| Property, plant and equipment, net | 1,103,392 | 629,924 |
| Operating lease right-of-use assets | 56,336 | 38,932 |
| Goodwill | 745,040 | 231,656 |
| Intangible assets, net | 79,916 | 20,549 |
| Investment in joint venture | 72 | 84 |
| Restricted investments | 20,220 | 18,020 |
| Other assets | 19,038 | 17,964 |
| Total assets | $ 2,753,526 | $ 1,542,135 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 199,210 | $ 182,572 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 136,303 | 120,065 |
| Current portion of operating lease liabilities | 14,234 | 9,065 |
| Current maturities of long-term debt | 40,375 | 26,563 |
| Accrued expenses and other current liabilities | 123,488 | 42,189 |
| Total current liabilities | 513,610 | 380,454 |
| Long-term liabilities: | | |
| Long-term debt, net of current maturities and deferred debt issuance costs | 1,319,325 | 486,961 |
| Operating lease liabilities, net of current portion | 42,728 | 30,661 |
| Deferred income taxes, net | 52,407 | 53,852 |
| Other long-term liabilities | 17,587 | 16,467 |
| Total long-term liabilities | 1,432,047 | 587,941 |
| Total liabilities | 1,945,657 | 968,395 |
| Stockholders' equity: | | |
| Preferred stock, par value $0.001; 10,000,000 shares authorized and no shares issued and outstanding at March 31, 2025 and September 30, 2024 | — | — |
| Class A common stock, par value $0.001; 400,000,000 shares authorized, 47,627,979 shares issued and 47,235,345 shares outstanding at March 31, 2025 and 44,062,830 shares issued and 43,819,102 shares outstanding at September 30, 2024 | 47 | 44 |
| Class B common stock, par value $0.001; 100,000,000 shares authorized, 11,739,408 shares issued and 8,813,803 shares outstanding at March 31, 2025 and 11,784,650 shares issued and 8,861,698 shares outstanding at September 30, 2024 | 12 | 12 |
| Additional paid-in capital | 531,279 | 278,065 |
| Treasury stock, Class A common stock, par value $0.001, at cost, 392,634 shares of Class A common stock at March 31, 2025 and 243,728 shares of Class A common stock at September 30, 2024 | (31,176) | (11,490) |
| Treasury stock, Class B common stock, par value $0.001, at cost, 2,925,605 shares at March 31, 2025 and 2,922,952 shares at September 30, 2024 | (16,046) | (15,603) |
| Accumulated other comprehensive income, net | 7,379 | 7,502 |
| Retained earnings | 316,374 | 315,210 |
| Total stockholders' equity | 807,869 | 573,740 |
| Total liabilities and stockholders' equity | $ 2,753,526 | $ 1,542,135 |

**Construction Partners, Inc.**
**Consolidated Statements of Cash Flows**
**(unaudited, in thousands)**

| | For the Six Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Cash flows from operating activities:** | | |
| Net income | $ 1,164 | $ 8,719 |
| Adjustments to reconcile net income to net cash, cash equivalents and restricted cash provided by operating activities: | | |
| Depreciation, depletion, accretion and amortization | 68,447 | 43,961 |
| Amortization of deferred debt issuance costs | 2,211 | 148 |
| Unrealized loss on derivative instruments | — | 194 |
| Provision for bad debt | 172 | 335 |
| Gain on sale of property, plant and equipment | (4,462) | (1,867) |
| Realized loss on sales, calls and maturities of restricted investments | 44 | 49 |
| Share-based compensation expense | 18,883 | 6,221 |
| Loss from investment in joint venture | 12 | 3 |
| Deferred income tax benefit | (1,480) | (306) |
| Other non-cash adjustments | (488) | (224) |
| Changes in operating assets and liabilities, net of business acquisitions: | | |
| Contracts receivable including retainage, net | 49,336 | 43,443 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | (15,007) | (7,799) |
| Inventories | (4,387) | (15,968) |
| Prepaid expenses and other current assets | 5,248 | 2,165 |
| Other assets | (824) | (585) |
| Accounts payable | (27,606) | (12,536) |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 5,294 | 22,412 |
| Accrued expenses and other current liabilities | 567 | (11,976) |
| Other long-term liabilities | (827) | 2,161 |
| Net cash provided by operating activities, net of business acquisitions | 96,297 | 78,550 |
| **Cash flows from investing activities:** | | |
| Purchases of property, plant and equipment | (68,226) | (55,518) |
| Proceeds from sale of property, plant and equipment | 5,991 | 4,962 |
| Proceeds from sales, calls and maturities of restricted investments | 3,940 | 1,918 |
| Business acquisitions, net of cash acquired | (828,736) | (87,850) |
| Purchase of restricted investments | (6,202) | (1,870) |
| Net cash used in investing activities | (893,233) | (138,358) |
| **Cash flows from financing activities:** | | |
| Proceeds from revolving credit facility | 145,000 | 90,000 |
| Proceeds from issuance of long-term debt, net of debt issuance costs | 834,566 | — |
| Repayments of long-term debt | (135,601) | (27,500) |
| Purchase of treasury stock | (20,129) | (1,336) |
| Net cash provided by financing activities | 823,836 | 61,164 |
| Net change in cash, cash equivalents and restricted cash | 26,900 | 1,356 |
| **Cash, cash equivalents and restricted cash:** | | |
| Cash, cash equivalents and restricted cash, beginning of period | 76,684 | 49,080 |
| Cash, cash equivalents and restricted cash, end of period | $ 103,584 | $ 50,436 |
| | | |
| **Supplemental cash flow information:** | | |
| Cash paid for interest | $ 35,788 | $ 9,569 |
| Cash paid for income taxes | $ 1,888 | $ 3,155 |
| Cash paid for operating lease liabilities | $ 7,191 | $ 1,435 |
| Non-cash items: | | |
| Operating lease right-of-use assets obtained in exchange for operating lease liabilities | $ 20,613 | $ 9,999 |
| Property, plant and equipment financed with accounts payable | $ 6,783 | $ 2,554 |
| Amounts payable to sellers in business combinations, net | $ 84,119 | $ — |

## Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA represents net income before, as applicable from time to time, (i) interest expense, net, (ii) provision (benefit) for income taxes, (iii) depreciation, depletion, accretion and amortization, (iv) share-based compensation expense, (v) loss on the extinguishment of debt and (vi) nonrecurring expenses related to transformative acquisitions, which management considers to include acquisitions requiring clearance under federal antitrust laws, such as our acquisition of Lone Star Paving (the "Lone Star Acquisition"). Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenues for each period. Adjusted net income represents net income before (i) nonrecurring expenses related to transformative acquisitions, which management considers to include acquisitions requiring clearance under federal antitrust laws, such as the Lone Star Acquisition, and (ii) nonrecurring fees associated with financing arrangements incurred in connection with transformative acquisitions, such as a bridge loan associated with the Lone Star Acquisition. These metrics are supplemental measures of our operating performance that are neither required by, nor presented in accordance with, GAAP. These measures have limitations as analytical tools and should not be considered in isolation or as an alternative to net income or any other performance measure derived in accordance with GAAP as an indicator of our operating performance. We present Adjusted EBITDA, Adjusted EBITDA margin and Adjusted net income because management uses these measures as key performance indicators, and we believe that securities analysts, investors and others use these measures to evaluate companies in our industry. Our calculation of Adjusted EBITDA, Adjusted EBITDA margin and Adjusted net income may not be comparable to similarly named measures reported by other companies. Potential differences may include differences in capital structures, tax positions and the age and book depreciation of intangible and tangible assets.

The following tables presents a reconciliation of net income (loss), the most directly comparable measure calculated in accordance with GAAP, to Adjusted EBITDA and the calculation of Adjusted EBITDA margin for the periods presented:

**Construction Partners, Inc.**
**Net Income (Loss) to Adjusted EBITDA Reconciliation**
**Fiscal Quarters Ended March 31, 2025 and 2024**
**(unaudited, in thousands, except percentages)**

| | For the Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| Net income (loss) | $ 4,215 | $ (1,124) |
| Interest expense, net | 21,592 | 4,568 |
| Provision (benefit) for income taxes | 1,310 | (321) |
| Depreciation, depletion, accretion and amortization | 37,263 | 22,840 |
| Share-based compensation expense | 4,672 | 3,553 |
| Transformative acquisition expenses | 221 | — |
| Adjusted EBITDA | $ 69,273 | $ 29,516 |
| Revenues | $ 571,650 | $ 371,427 |
| Adjusted EBITDA Margin | 12.1 % | 7.9 % |

**Construction Partners, Inc.**
**Net Income to Adjusted EBITDA Reconciliation**
**Fiscal Year 2025 Updated Outlook**
**(unaudited, in thousands, except percentages)**

| | For the Fiscal Year Ending September 30, 2025 | |
|---|---|---|
| | **Low** | **High** |
| Net income | $ 106,000 | $ 117,000 |
| Interest expense, net | 83,700 | 82,300 |
| Provision for income taxes | 36,400 | 40,200 |
| Depreciation, depletion, accretion and amortization | 143,650 | 150,250 |
| Share-based compensation expense | 21,500 | 21,500 |
| Transformative acquisition expenses | 18,750 | 18,750 |
| Adjusted EBITDA | $ 410,000 | $ 430,000 |
| Revenues | $ 2,770,000 | $ 2,830,000 |
| Adjusted EBITDA Margin | 14.8 % | 15.2 % |

The following table presents a reconciliation of net income, the most directly comparable measure calculated in accordance with GAAP, to Adjusted net income for the period presented:

**Construction Partners, Inc.**
**Net Income to Adjusted Net Income Reconciliation**
**Fiscal Year 2025 Updated Outlook**
**(unaudited, in thousands)**

| | For the Fiscal Year Ending September 30, 2025 | |
|---|---|---|
| | **Low** | **High** |
| Net income | $ 106,000 | $ 117,000 |
| Transformative acquisition expenses | 18,750 | 18,750 |
| Financing fees related to transformative acquisitions | 3,100 | 3,100 |
| Tax impact due to above reconciling items | (5,350) | (5,350) |
| Adjusted net income | $ 122,500 | $ 133,500 |

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