



Investor Presentation

NASDAQ Ticker: WLDN

October 2018

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This presentation contains forward-looking statements. These statements concern our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition, which are subject to risks and uncertainties. All statements other than statements of historical fact included in this presentation are forward-looking statements. For example, all statements we make relating to our plans and objectives for future operations, growth or initiatives and strategies are forward-looking statements, including our expectations relating to potential future acquisitions such as Lime Energy Co. (“Lime Energy” or “Lime”). These forward-looking statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management’s beliefs and assumptions. All of our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations including, but are not limited to, our ability to complete our pending acquisition of Lime Energy and the related debt financing and, if completed, to obtain the anticipated benefits therefrom; our ability to draw under the delayed draw senior secured term loan in connection with our new credit facilities; our ability to adequately complete projects in a timely manner; our ability to compete successfully in the highly competitive energy market; changes in state, local and regional economies and government budgets; our ability to win new contracts, to renew existing contracts (including with our two largest customers and, if the acquisition of Lime is completed, the two largest customers of Lime Energy) and to compete effectively for contracts awarded through bidding processes; and our ability to execute on our growth strategy.

Our business could be affected by a number of other factors, including the cautionary statements and risk factors listed from time to time in our reports filed with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K filed for the year ended December 29, 2017, the Quarterly Reports on Form 10-Q for the quarters ended March 30, 2018 and June 29, 2018, the Current Report on Form 8-K filed on October 3, 2018 and other Current Reports on Form 8-K that we file from time to time, as each may be further amended and supplemented. We caution investors not to place undue reliance on the forward-looking statements contained in this presentation. We disclaim any obligation to, and does not undertake to, update or revise any forward-looking statements in this presentation.

In addition to financial results prepared in accordance with U.S. generally accepted accounting principles, or GAAP, this presentation contains certain non-GAAP financial measures. Such non-GAAP financial measures in this presentation differ from similarly named non-GAAP financial measures that we have previously released. Management believes that in addition to using GAAP results in evaluating our business, it can also be useful to measure results using certain non-GAAP financial measures. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures with their most direct comparable GAAP financial results set forth in the Appendix section.

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As used herein, unless the context otherwise requires, references to “Willdan,” “we,” “us,” and “our” refer to Willdan Group, Inc. as its subsidiaries as of the date hereof.

Willdan's Management Team

Believes That Organic + Acquisitive = Value Creation

	Former Position	Growth Method	Years with Company
Tom Brisbin <i>Chairman & CEO</i>	C00, Tetra Tech VP Business Development, AECOM	organic	11 years
Mike Bieber <i>President</i>	Senior VP Corporate Development, Tetra Tech	70 acquisitions ⁽¹⁾ & organic	4 years
Stacy McLaughlin <i>CFO</i>	Auditor, KPMG	6 acquisitions	8 years
Kim Early <i>Executive Vice President</i>	CFO, Earth Tech	50 acquisitions ⁽¹⁾	3 years

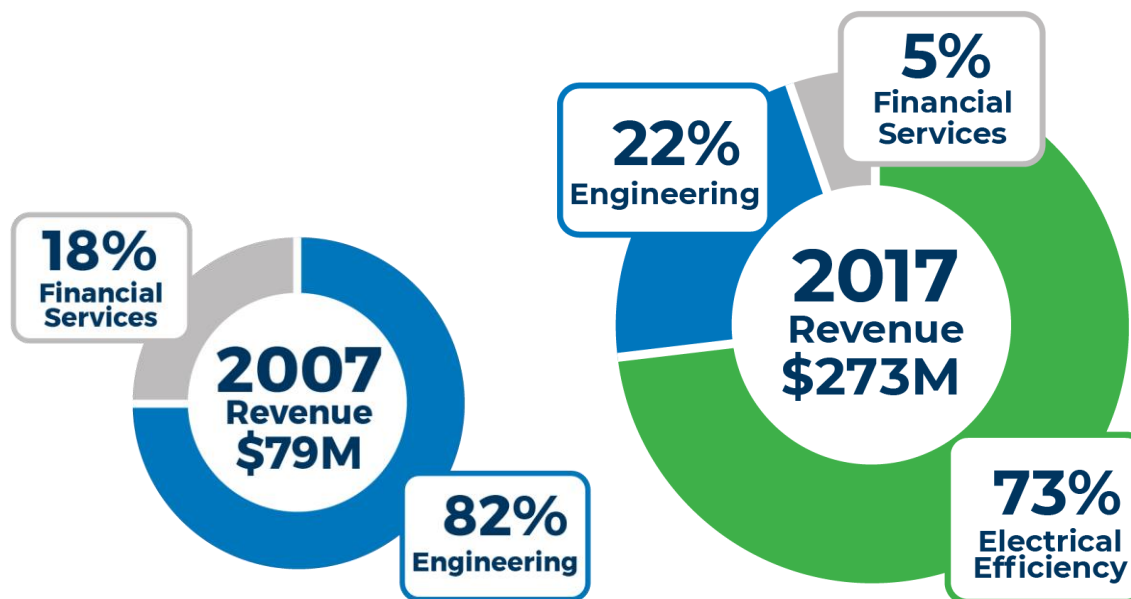
(1) Majority of acquisitions were at prior companies.

Willdan Overview

ELECTRIC GRID SOLUTIONS COMPANY

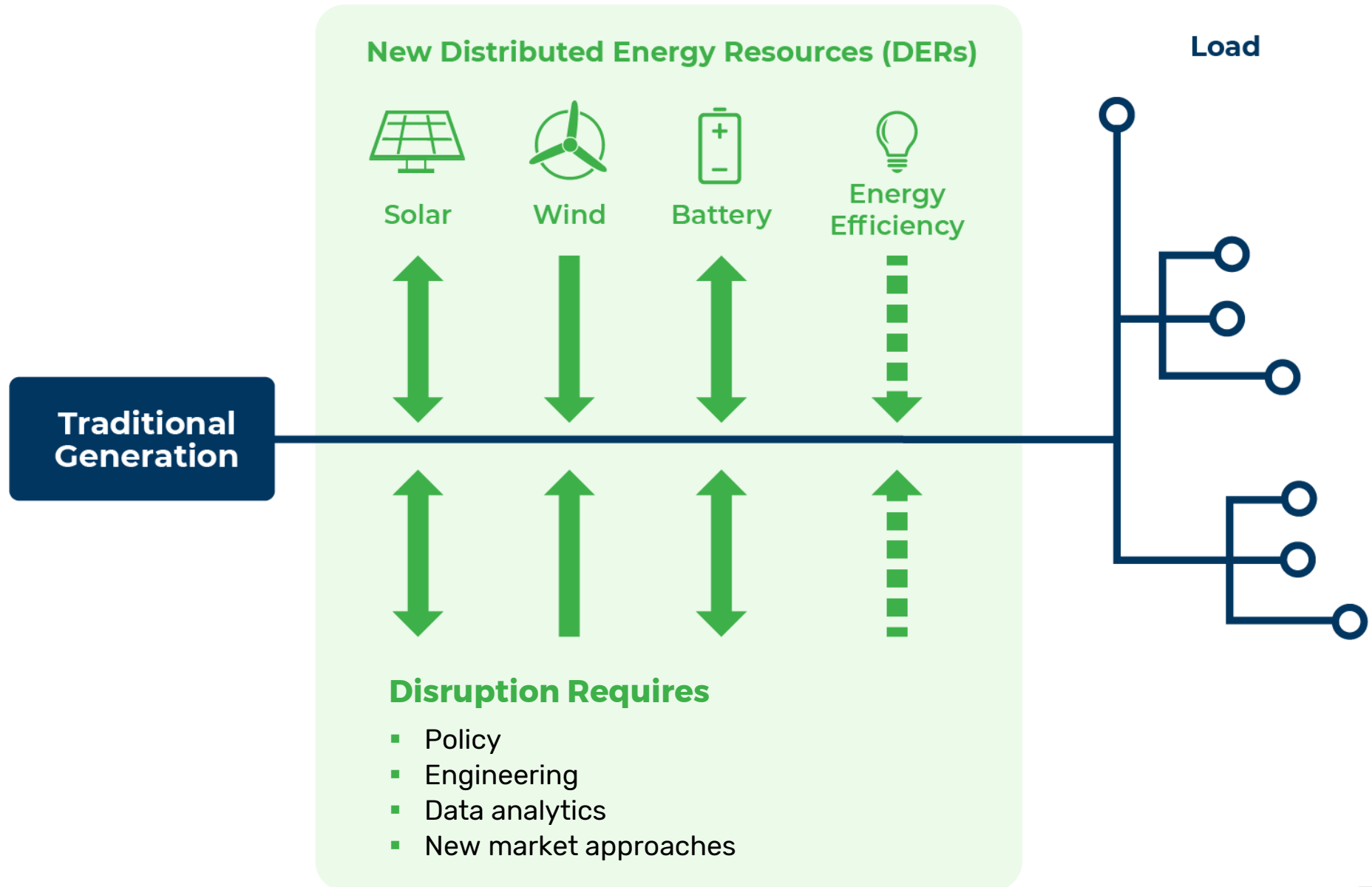
Our FY17 Stats

- Revenue = \$273M
- Diluted EPS = \$1.32
- Adjusted Diluted EPS = \$1.82 ⁽¹⁾



(1) Adjusted Diluted EPS is defined as net income plus stock-based compensation and intangible amortization, net of tax, all divided by the diluted weighted-average shares outstanding, and is a non-GAAP financial measure. Adjusted Diluted EPS differs in this presentation from the similarly named non-GAAP financial measure we have previously reported in that we add back intangible amortization, net of tax. See appendix for a reconciliation to diluted EPS, which is the corresponding GAAP financial measure.

What Willdan Does



Competitors

Name	Category	Ticker
Ameresco	ESCO	AMRC
CLEAResult	PE Roll-up	--
Willdan	Mgmt. Consultant	WLDN
GoodCents/ Franklin	PE Roll-up	--
Leidos	Mgmt. Consultant	LDOS
ICF	Mgmt. Consultant	ICFI
Nexant	PE Roll-up	--

	ROIC ⁽¹⁾ 2017
Willdan	15.5%
NV5	10.1%
TETRA TECH	9.3%
NAVIGANT	9.1%
ICF	7.6%
AMERESCO	7.4%
LEIDOS	5.7%
AECOM	4.3%

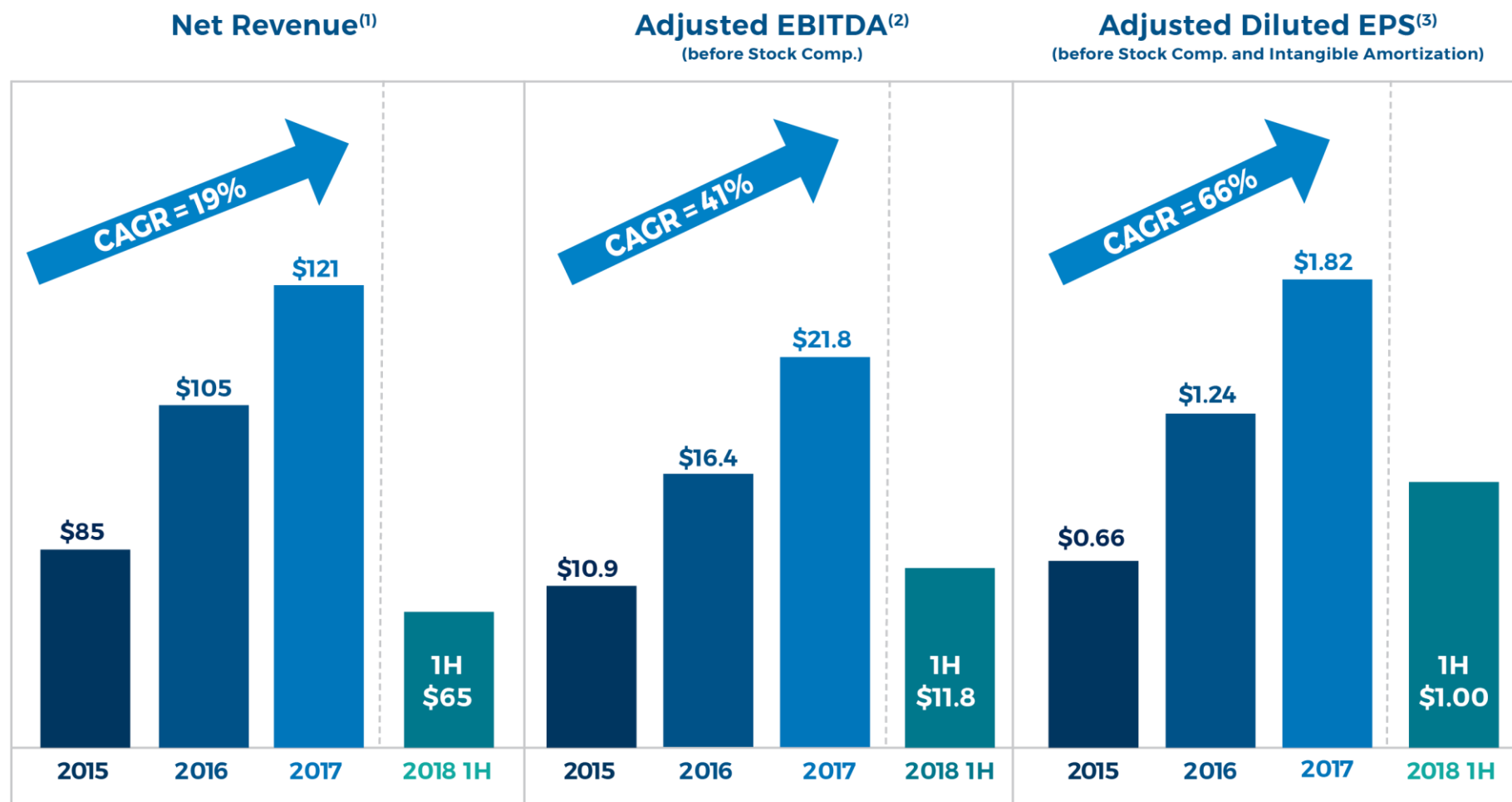
Return On Invested Capital (ROIC)

$$\text{ROIC} = \frac{\text{Annual After-Tax Net Income}}{\text{Investment Capital} = (\text{Total Equity} + \text{Long-Term Debt})}$$

(1) Calculated from data in SEC filings.

Three-year Financial Performance and 1H 2018

\$ in millions, except per share data







(1) Net Revenue is defined as contract revenue minus subcontractor services and other direct costs and is a non-GAAP financial measure. See appendix for a reconciliation to the corresponding GAAP financial measure.

(2) Adjusted EBITDA is defined as net income (loss) plus interest expense (income), income tax expense (benefit), stock-based compensation, interest accretion, depreciation and amortization and gain on sale of equipment. See appendix for a reconciliation net income, which is the corresponding GAAP financial measure.

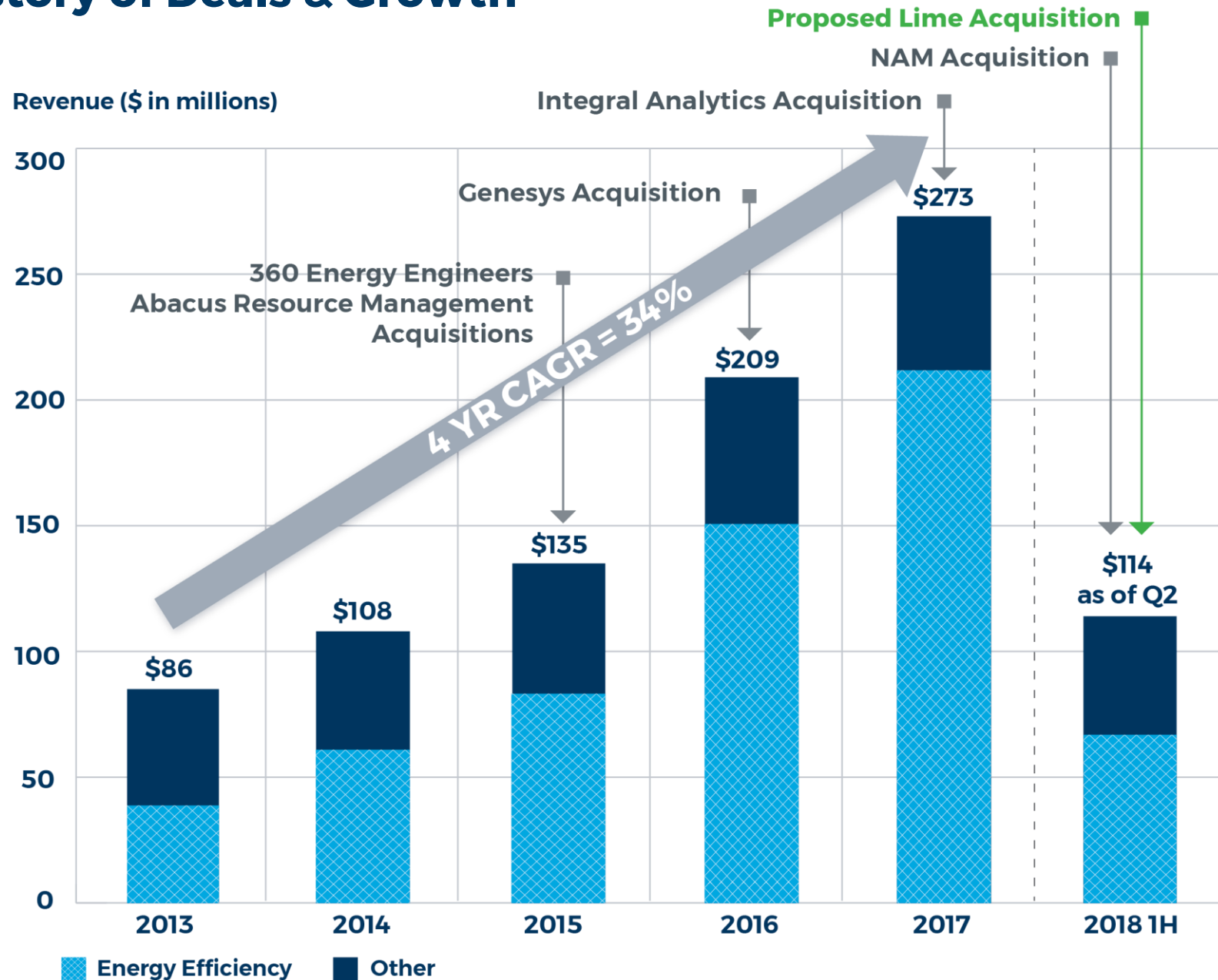
(3) Adjusted Diluted EPS is defined as net income plus stock-based compensation and intangible amortization, net of tax, divided by the diluted weighted-average shares outstanding, and is a non-GAAP financial measure. Adjusted Diluted EPS differs in this presentation from the similarly named non-GAAP financial measure we have previously reported in that we add back intangible amortization, net of tax. See appendix for a reconciliation to diluted EPS, which is the corresponding GAAP financial measure.

Acquisitions Catalyze Growth

Strategy	Add Energy Efficiency	Add Performance Contracting	Add Central Plant Engineering	Add Grid Data Analytics
Acquisition	INTERGY	360 ENERGY ENGINEERS ABACUS	GENESYS	INTEGRAL ANALYTICS
New Program Cross-sold	 Direct Install \$30M/yr	 Rocky Mountain Power Direct Install \$10M/yr	 Multifamily \$8M/yr	 An Exelon Company \$3M/yr
	2008	2015	2016	2017

Continuous Customer Engagement

History of Deals & Growth



Lime Energy (Target) Description

Energy Efficiency Company

- Founded 1997, went public in 2008. Currently traded OTC/Pink Sheets
- Direct install
- Contracts with 10 of the top 25 US electric utilities ⁽¹⁾
- Substantially all installations are subcontracted
- Strong Southeast, Northeast, and California presence
- Approximately 260 staff

- Paying \$120M, 10 times its projected 2018 EBITDA
- Projected \$145M revenue in 2018

- 67.1% of 2018 1H revenue from:
 - LADWP⁽²⁾ – largest US municipal utility⁽¹⁾
 - Duke Energy – 2nd largest US investor owned utility⁽¹⁾

(\$M)	2016A	2017A
Revenue	\$103.8	\$124.6
Net Revenue ⁽³⁾	\$34.1	\$42.9
Net Income	(\$8.9)	\$4.7
Adjusted EBITDA ⁽⁴⁾	(\$0.4)	\$8.5
Adjusted EBITDA % Revenue	-0.3%	6.8%
Adjusted EBITDA % Net Revenue	-1.1%	19.9%

(1) Source: Energy Information Administration Data, summed by parent corporation

(2) Los Angeles Department of Water and Power

(3) Net Revenue is defined as contract revenue minus subcontractor services and other direct costs and is a non-GAAP financial measure. See appendix for a reconciliation to the corresponding GAAP financial measure.

(4) Adjusted for Extinguishment of Debt, Change in Derivative Liability, Acquisition Costs, Pro-forma COGS Adjustment, Other One-Time Costs and Share-Based Compensation that ends after Acquisition

Strategic Rationale for Lime Transaction



Makes Willdan more competitive in the market



Expands utility customer base



Expands and diversifies geographically



Positions Willdan for upcoming Northeast and California program expansions



Further absorbs corporate costs



Enables Willdan to further invest in technically differentiated areas




Lime Complements and Expands Willdan

	Utility	# Electric Customers
1	Exelon	7,690,000
2	Duke Energy	7,100,000
3	First Energy	6,000,000
4	Dominion	6,000,000
5	American Electric Power	5,300,000
6	PG&E	5,200,000
7	Edison International	4,929,000
8	NextEra Energy	4,600,000
9	Southern Company	4,412,000
10	Consolidated Edison Inc.	3,600,000
11	National Grid	3,500,000
12	Xcel Energy	3,400,000
13	Tennessee Valley Authority	3,300,000
14	Northeast Utilities	3,087,000
15	Entergy	2,800,000
16	American Corporation	2,436,000
17	MidAmerican Energy	2,429,844
18	PPL Corporation	2,343,000
19	PSEG	2,200,000
20	DTE Energy	2,100,000
21	Centerpoint Energy	2,100,000
22	Iberdrola USA	1,852,000
23	Oncor	1,672,000
24	Sempra Energy	1,400,000
25	Los Angeles Department of Water & Power	1,400,000

Top 25 US Utilities

Willdan = 10 of top 25

After Lime = 16 of top 25

-  Current Willdan utility energy efficiency contracts
-  Current Lime utility energy efficiency contracts
-  Both Lime and Willdan have current contracts

Source: Energy Information Administration Data, summed by parent corporation

Lime Complements, Expands, and Better Positions Willdan

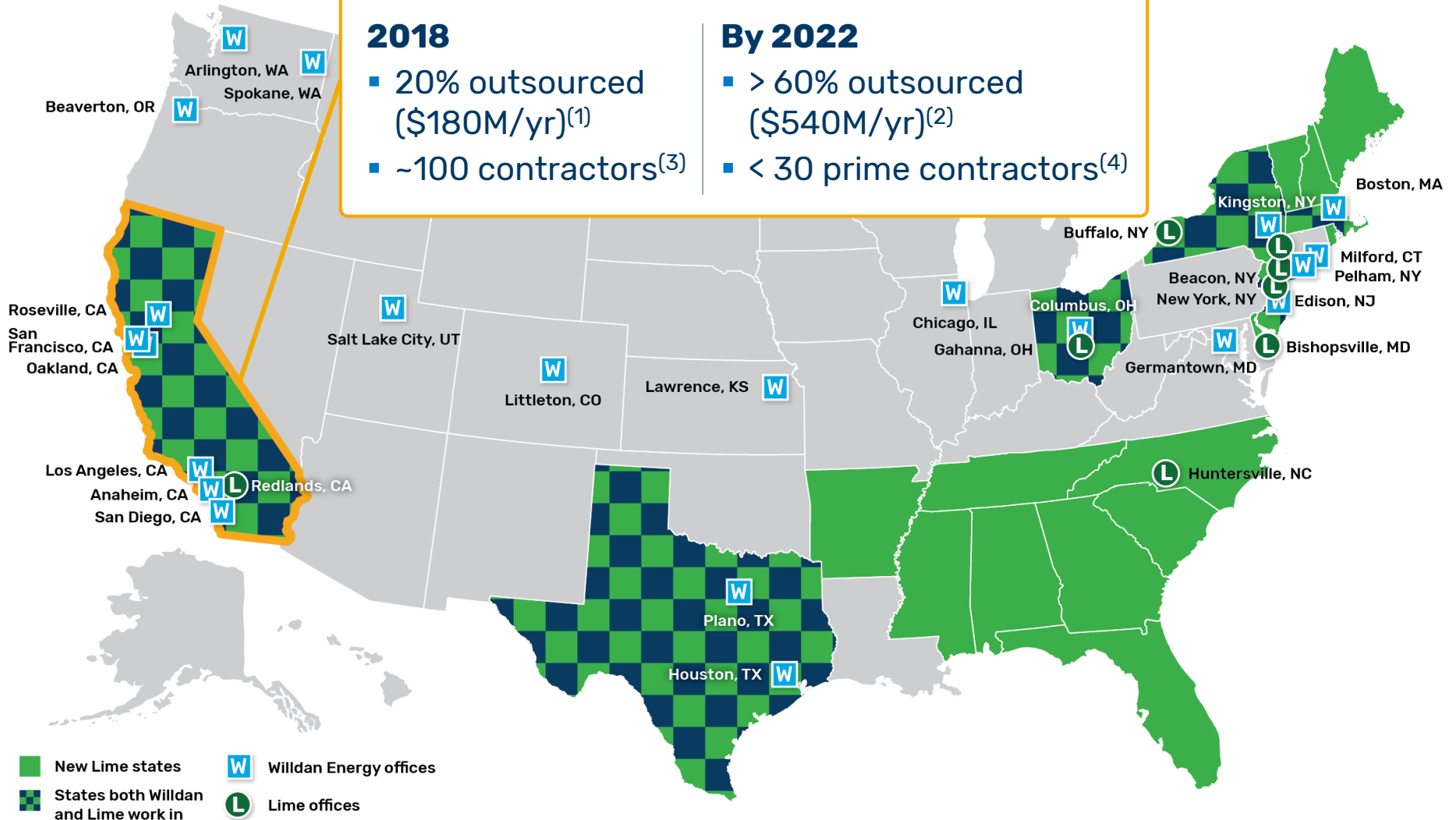
CA Opportunity - \$900M⁽¹⁾/yr Market

2018

- 20% outsourced (\$180M/yr)⁽¹⁾
- ~100 contractors⁽³⁾

By 2022

- > 60% outsourced (\$540M/yr)⁽²⁾
- < 30 prime contractors⁽⁴⁾




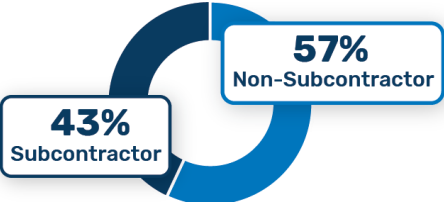
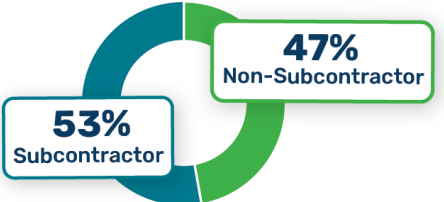

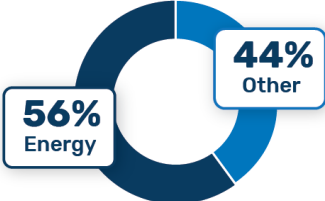
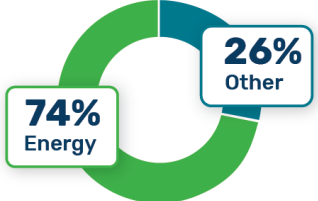

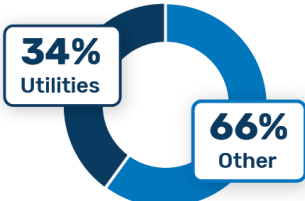



(1) Based on 2018 budget provided in Decision 18-01-004 from the California Public Utilities Commission.

(2) Assumes no changes in budget from 2018.

(3) Based on third-party contractors disclosed by Pacific Gas and Electric Company, Southern California Edison, Southern California Gas Company and San Diego Gas and Electric on their third-party program webpages.

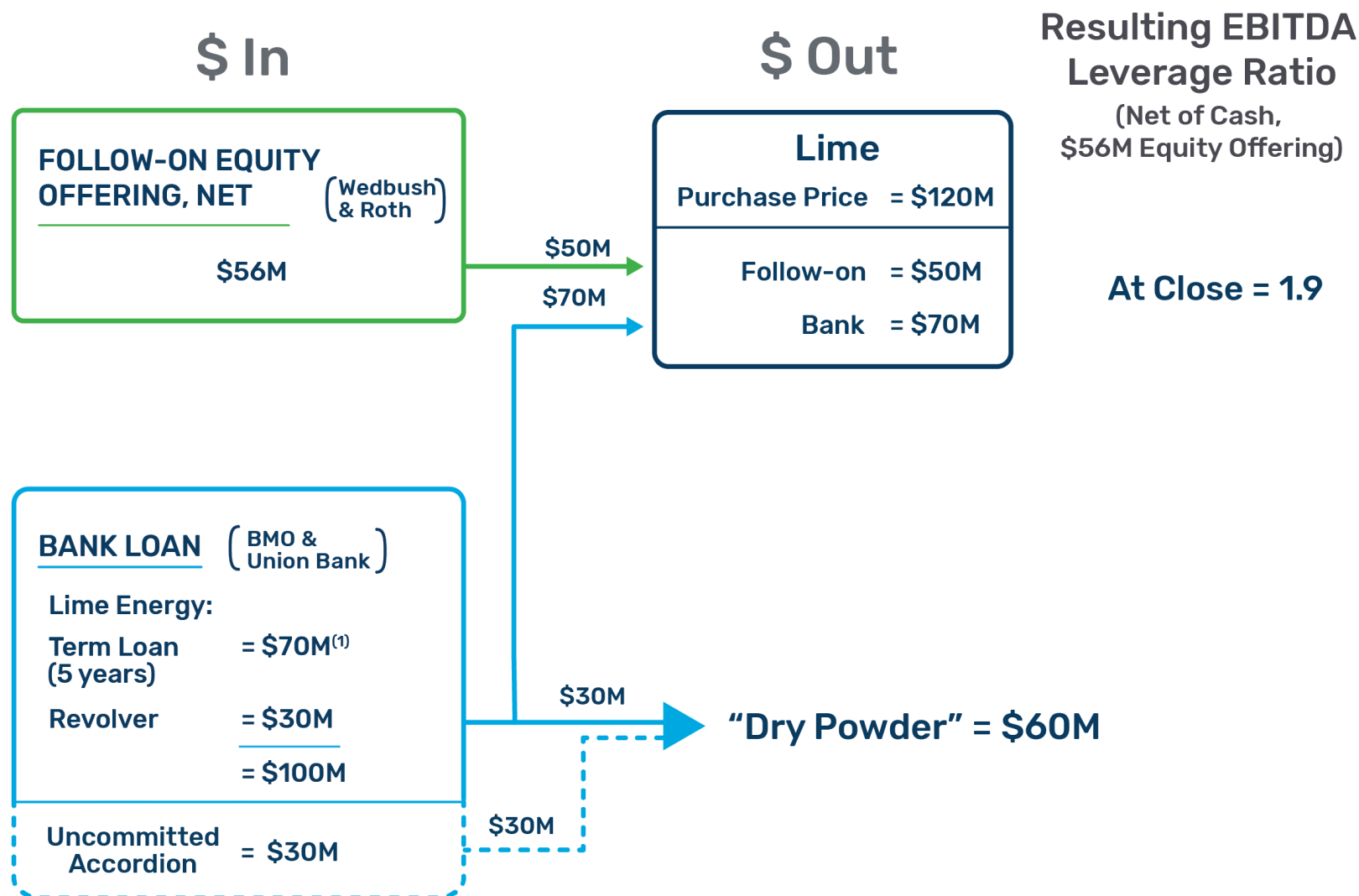
(4) Based on management estimates and assumes an anticipated reduction in prime contractors.

Willdan Pre- and Post-Acquisition of Lime

	JUNE 29, 2018	POST-ACQUISITION
 Subcontractors as a % of Revenue		
 Energy as a % of Net Revenue		
 Utilities as % Net Revenue		
 # of Employees	851	1,110
 # of Locations	43	51

Lime Acquisition Financing Plan

Capitalization



(1) The initial delayed draw term loan facility allowed for up to \$90M of term loans; however, under the terms of the credit agreement, the maximum amount of the term loan was reduced to no more than \$70M as a result of our equity offering.

Summary

ELECTRIC GRID SOLUTIONS COMPANY

What's Next

- Follow-on equity offering supports acquisition and general corporate purposes
- Lime acquisition:
 - Strengthens Northeast US presence
 - Adds Southeast US presence
 - Improves position for California procurements
- Recapitalization facilitates continued growth

Long-Term Targets

Organic Growth	>10%
Accretive Acquisitions	>10%
	=====
Total Growth	>20%

Appendix

Non-GAAP Reconciliation:

Willdan Reconciliation from GAAP Contract Revenue to Net Revenue

	Year Ended			1H
	January 1, 2016	December 30, 2016	December 29, 2017	June 29, 2018
Contract revenue	\$135,103,000	\$208,941,000	\$273,352,000	\$114,428,000
Subcontractor services and other direct costs	<u>\$50,200,000</u>	<u>\$104,236,000</u>	<u>\$151,919,000</u>	<u>\$49,613,000</u>
Net Revenue	\$84,903,000	\$104,705,000	\$121,433,000	\$64,815,000

Non-GAAP Reconciliation:

Willdan Reconciliation from Net Income to Adjusted EBITDA

	Year Ended			1H
	January 1, 2016	December 30, 2016	December 29, 2017	June 29, 2018
Net income	\$4,259,000	\$8,299,000	\$12,129,000	\$5,518,000
Interest expense	\$207,000	\$179,000	\$111,000	\$53,000
Income tax expense (benefit)	\$3,082,000	\$3,068,000	\$1,562,000	\$627,000
Stock-based compensation	\$777,000	\$1,239,000	\$2,774,000	\$2,726,000
Interest accretion ⁽¹⁾	\$547,000	\$439,000	\$1,156,000	\$622,000
Gain on sale of equipment	-	-	-	(14,000)
Depreciation and amortization	<u>\$2,072,000</u>	<u>\$3,204,000</u>	<u>\$4,082,000</u>	<u>\$2,243,000</u>
Adjusted EBITDA	\$10,944,000	\$16,428,000	\$21,814,000	\$11,775,000
Net Revenue	\$84,903,000	\$104,705,000	\$121,433,000	\$64,815,000
Adjusted EBITDA Net Margin	13%	16%	18%	18%
Contract Revenue	\$135,103,000	\$208,941,000	\$273,352,000	\$114,428,000
Adjusted EBITDA Margin	8%	8%	8%	10%

(1) Interest accretion represents the imputed interest on the earn-out payments to be paid by us in connection with the acquisitions of Abacus and Economists.com and substantially all of the assets of 360 Energy Engineers, LLC in January 2015 and the acquisition of Integral Analytics, Inc. in July 2017. Interest accretion is included in other expenses.

Regulation G Reconciliation:

Willdan Reconciliation from GAAP Diluted EPS to Adjusted Diluted EPS

	2015	2016	2017	2018A 1H
Diluted earnings per share (EPS)	\$0.52	\$0.97	\$1.32	\$0.60
Stock-based compensation	0.10	0.14	0.30	0.29
Tax effect on stock-based compensation	<u>(0.04)</u>	<u>(0.03)</u>	<u>(0.03)</u>	<u>(0.03)</u>
Adjusted Diluted EPS (before Q2 2018 filings)	0.58	1.08	1.59	0.86
Intangible amortization	0.14	0.22	0.26	0.15
Tax effect on intangible amortization	<u>(0.06)</u>	<u>(0.06)</u>	<u>(0.03)</u>	<u>(0.01)</u>
Adjusted Diluted EPS (before stock comp. & IA)	\$0.66	\$1.24	\$1.82	\$1.00

Lime Reconciliation from GAAP Contract Revenue to Net Revenue

	Year Ended	
	December 31, 2016	December 31, 2017
Contract revenue	\$103,800,000	\$124,595,000
Subcontractor services and other direct costs	<u>\$69,716,000</u>	<u>\$81,732,000</u>
Net Revenue	\$34,084,000	\$42,863,000

Lime Reconciliation from GAAP Net Income to Adjusted EBITDA

Year Ended

	December 31, 2016	December 31, 2017
Net income	(\$8,910,000)	\$4,662,000
Income tax expense (benefit)	-	\$100,000
Interest expense, net	\$3,729,000	\$2,139,000
Depreciation and amortization	\$3,448,000	\$3,193,000
Extinguishment of debt	\$2,052,000	-
Change in derivative liability	(\$3,723,000)	(\$2,294,000)
Acquisition costs	\$400,000	-
Pro-forma COGS adjustment	-	(\$400,000)
Other one-time costs	\$1,900,000	\$800,000
Stock-based compensation	<u>\$741,000</u>	<u>\$332,000</u>
Adjusted EBITDA	(\$363,000)	\$8,532,000
Net revenue	\$34,084,000	\$42,863,000
Adjusted EBITDA Net Margin	(1%)	20%
Contract revenue	\$103,800,000	\$124,595,000
Adjusted EBITDA Margin	0%	7%