



Investor Presentation November 2020

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SAFE HARBOR STATEMENT

Forward-looking statements and cautionary statements

Certain statements made in this presentation are "forward-looking statements" about MISTRAS' financial results and estimates, products and services, business model, strategy, growth opportunities, profitability and competitive position, and other matters. These forward-looking statements generally use words such as "future," "possible," "potential," "targeted," "anticipate," "believe," "estimate," "expect," "intend," "plan," "predict," "project," "will," "may," "should," "could," "would" and other similar words and phrases. Such statements are not guarantees of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved, if at all. These statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in these statements. A list, description and discussion of these and other risks and uncertainties can be found in the "Risk Factors" section of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2020, as updated by our reports on Form 10-Q and Form 8-K. The forward-looking statements are made as of the date hereof, and MISTRAS undertakes no obligation to update such statements as a result of new information, future events or otherwise.

ABOUT MG

MISTRAS protects civilization's most critical assets.

All across the world, across industry, facility, and asset, **we maximize uptime and safety** in serving as your OneSource for Asset Protection Solutions®.

MISTRAS is an **international leader** in asset protection. Asset Protection is a **large and growing market**, driven by increases in:

- Regulations & compliance standards
- Pressure to maintain asset efficiency
- Focus on safety of employees, community, and environment



AT A GLANCE

MISTRAS Group

The *only* publicly-listed, “**Pure-Play**”
Asset Protection company.

► VISION

Be the **integrated-solution partner** to solve
civilization’s unmet asset protection needs

► MISSION

We will deliver value by developing, integrating,
and executing asset protection solutions that
maximize uptime and safety



Founded in **1978**



NYSE: **MG**; IPO
in 2009



Global HQ in
Princeton, NJ - USA



**Over 115 Locations
Worldwide**



~5,700 Employees

WHO WE HELP

MISTRAS supports clients in *critical industries* across the world.



OIL & GAS



AEROSPACE & DEFENSE



POWER



MANUFACTURING



INFRASTRUCTURE

HOW WE CAN HELP

Through a combination of Inspection, Lab Testing, and Data Services, MISTRAS helps to maximize our clients' operational safety and uptime.



[INSPECTIONS]

Asset inspections and maintenance to keep industrial equipment operating safely



[LAB TESTING]

Laboratory inspections of components before they're used in manufacturing



[DATA SERVICES]

Permanently-installed, unattended sensor and monitoring technology helps keep operators aware of their assets' conditions at all times

WHY IS MISTRAS IMPORTANT

MISTRAS' solutions play a *key role* in keeping the world up and running, including things you use and interact with everyday



COMMUTE

We help keep your vehicle's gas tank full and bridges safe to drive on



AIR TRAVEL

We help test the parts that keep planes in the air and fuel them too



POWER

We help keep the lights on everyday and your mobile devices fully charged



CLEAN ENERGY

We help generate clean energy to maintain a healthy, green environment

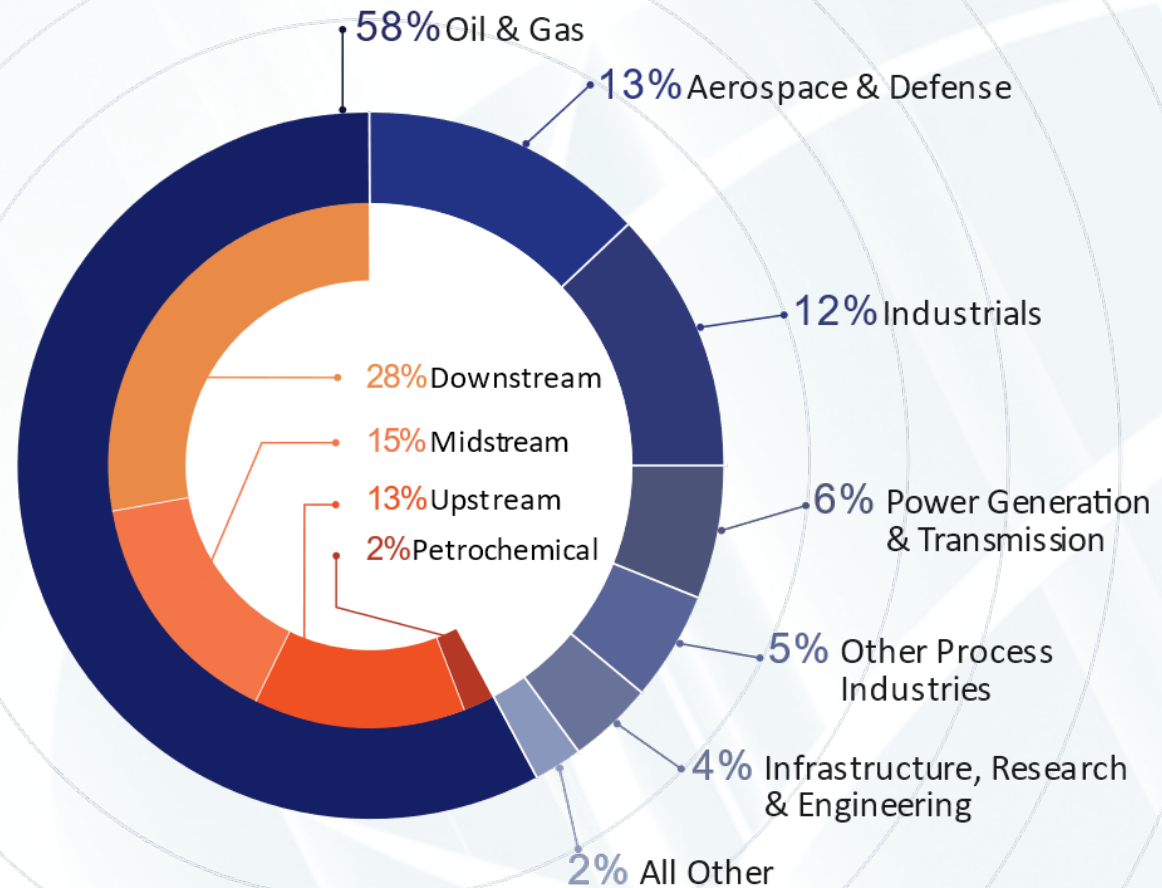


MANUFACTURING

We help in the making of pharmaceuticals, plastics, paper, and other everyday items



REVENUES BY END MARKET – 2019



ROOM TO GROW

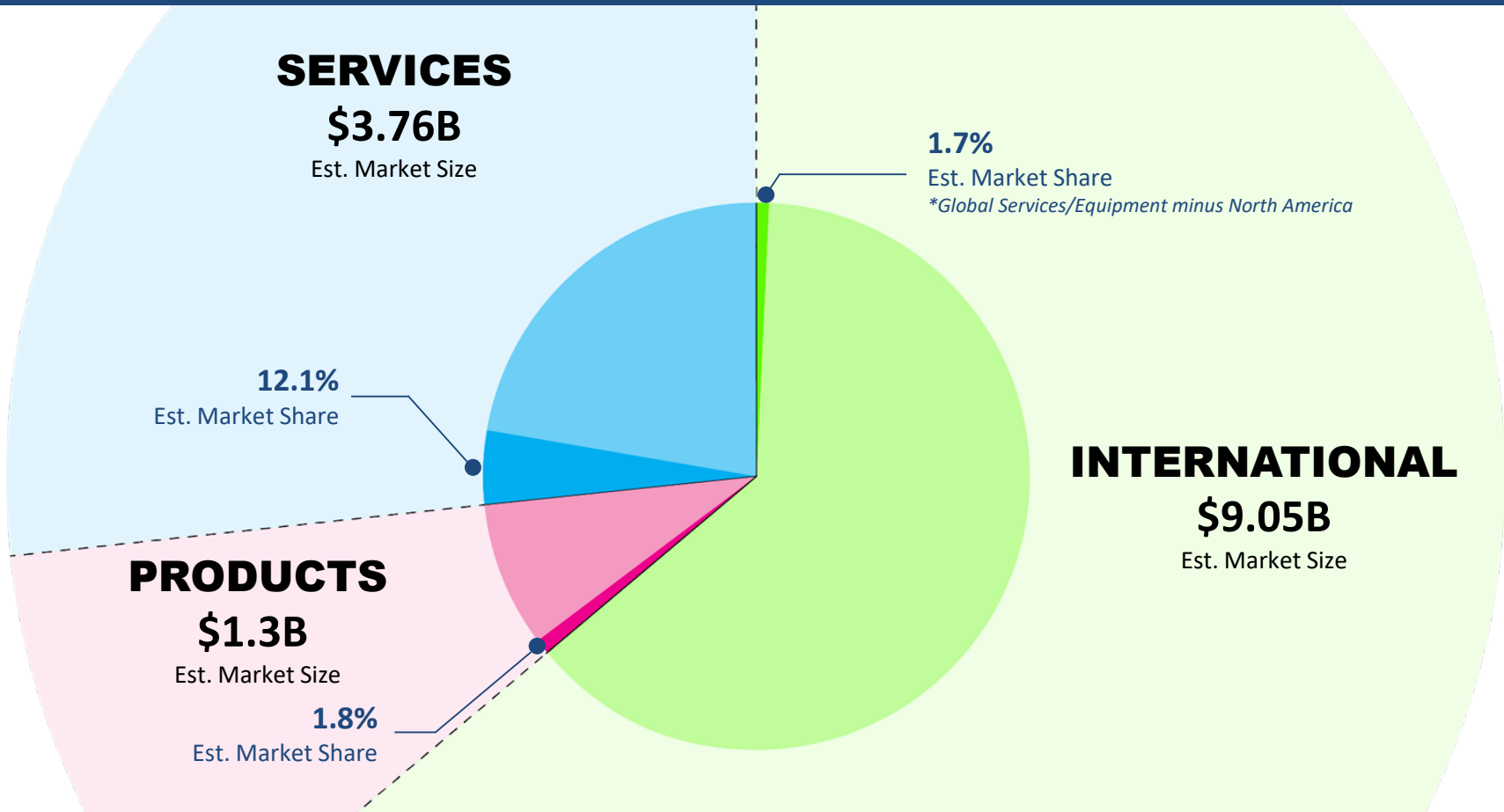


2018 GLOBAL NDT MARKET

Non-Destructive Testing (NDT) consists of a variety of techniques to evaluate materials and systems for the presence of damages/defects, without affecting the asset's integrity.
NDT is MISTRAS' foundational business.

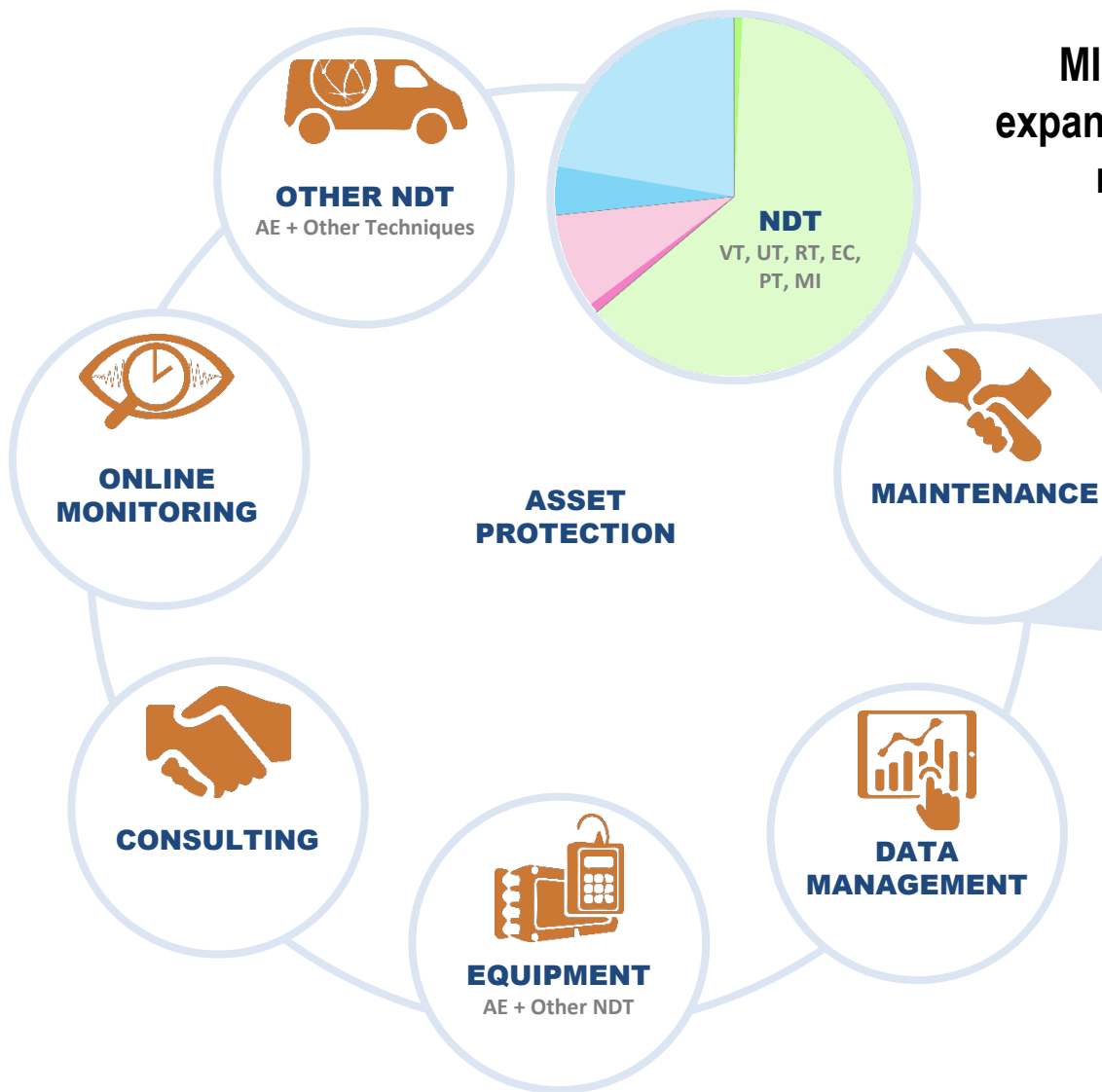
\$14.1B EST. ADDRESSABLE GLOBAL NDT MARKET

4.5% MISTRAS EST. GLOBAL MARKET SHARE



Market data provided by Grand View Research Report: "Non-Destructive Testing (NDT) | Market Estimates & Trend Analysis to 2025" NDT Market includes: Visual (VT), Ultrasonic (UT), Radiographic (RT), Eddy Current (EC), Liquid Penetrant (PT), and Magnetic Particle (MT). Industries include: Oil & Gas, Manufacturing, Aerospace & Defense, Construction, Automotive, Power Generation, Others. Products includes NDT Equipment.

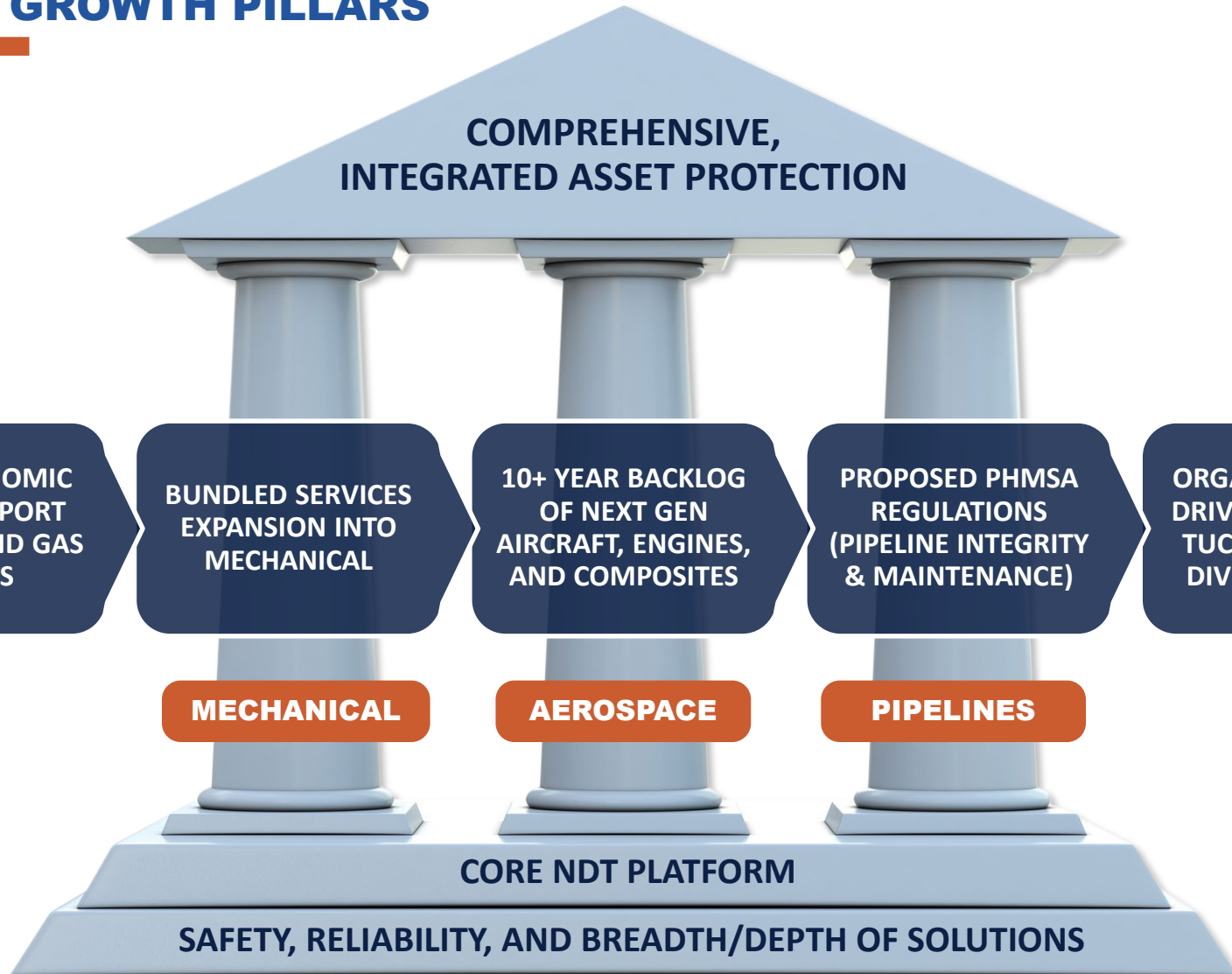
ASSET PROTECTION IS MORE THAN NDT



MISTRAS is poised to capture the expansive and lucrative asset protection market by going beyond NDT.

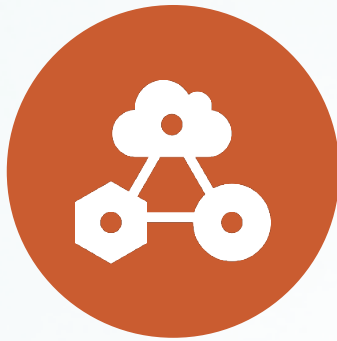
Maintenance/Mechanical Services alone is approximately 3-5x larger than NDT

KEY GROWTH PILLARS



GROWTH THEMES

THEMES DRIVING ADDITIONAL MARKET SHARE



INTERCONNECTED SOLUTIONS

MECHANICAL | AEROSPACE

Strengthening abilities to perform and deliver NDT and NDT-adjacent solutions



SUPPLY-CHAIN INTEGRATION

PIPELINES | AEROSPACE

Fulfillment of integral asset protection phases within a customer's supply chain



TECHNOLOGICAL INNOVATION

ASSET PROTECTION

Technological innovation to enhance safety and drive cost reductions

INTERCONNECTED SOLUTIONS



BUNDLED SOLUTIONS MEET INDUSTRY DEMANDS

- Regulations and safety hazards create evergreen demand for asset protection
- Customers prefer few vendors with a wide range of solutions, rather than individually specialized vendors
- Interconnected solutions reduce competition, drive cross-selling opportunities, and make MISTRAS “stickier” with evergreen customers
- Opportunity for mechanical work is approximately 3-5x larger than NDT inspection





MISTRAS THEN – A Pure-Play NDT Company





INTERCONNECTED SOLUTIONS

MISTRAS TODAY AND IN THE FUTURE... An Integrated Asset Protection Company



SUPPLY-CHAIN INTEGRATION





AEROSPACE & DEFENSE – A GROWTH MARKET

- Aerospace & Defense is a large and growing market; 10+ year backlog of next generation aircraft, engines, and composites
- Innovative, progressive model centralizes manufacturing process – everything between forging and final machining + field services + online monitoring
- West Penn has established relationships with prime manufacturers



Centralized plant eliminated up to 8 weeks from production cycle for major aerospace manufacturer

MISTRAS' Inspection, Testing, and Machining Plant in Le Creusot – France, introduced in 2016.

NEW CENTURY SOFTWARE

New Century Software (acquired September 2019) is a leading provider of pipeline integrity management software and services for energy transportation companies.

- Provides software solutions and data management expertise to a global network of Oil and Gas industry customers
- Enables users to graphically view and manage pipeline integrity management data, asset management information, and GIS applications
- Builds & maintains client-specific central data repositories
- Extensive experience in reviewing, aligning, and categorizing ILI anomaly data

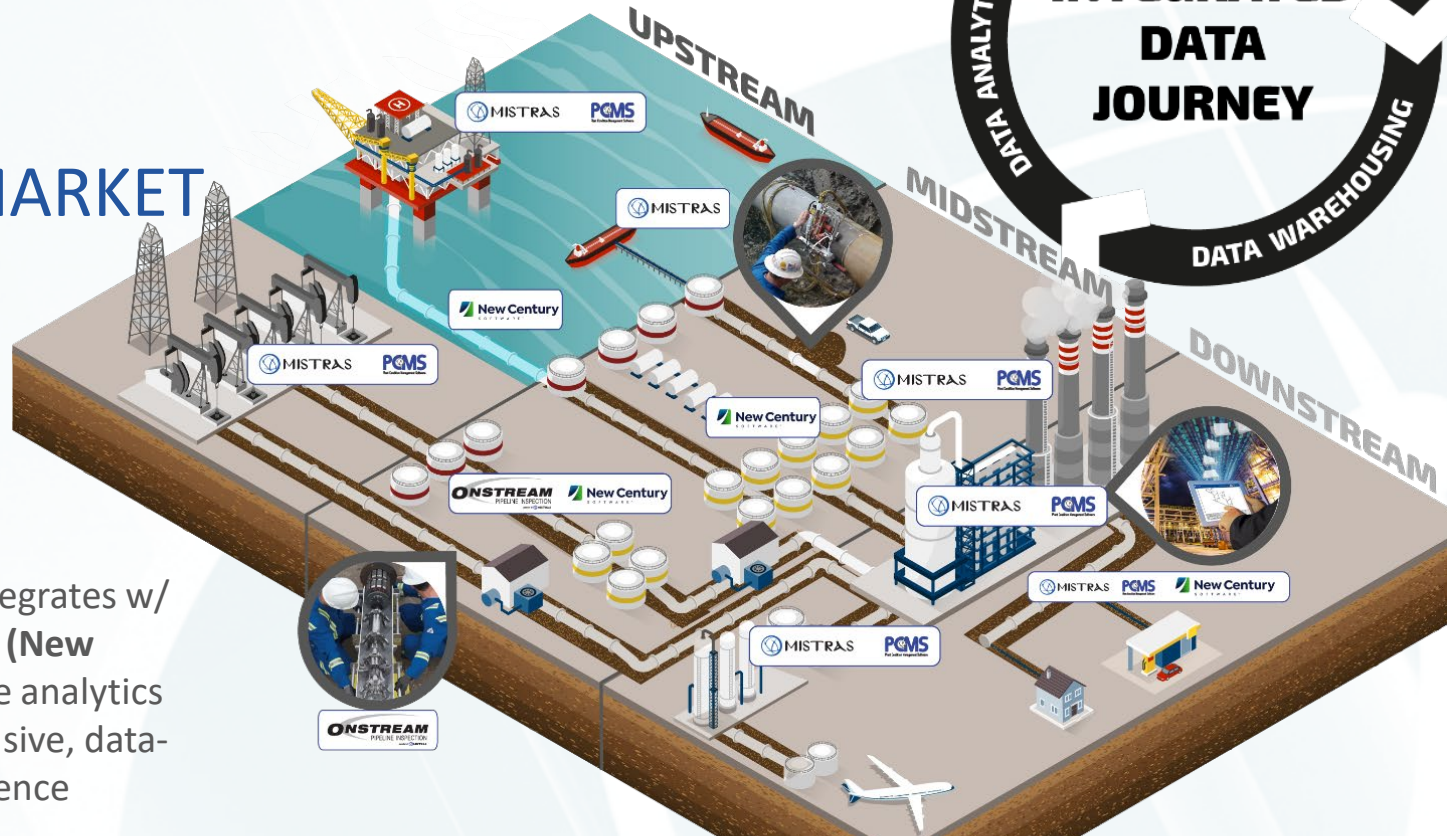




SUPPLY-CHAIN INTEGRATION

PIPELINES – A GROWTH MARKET

- Proposed regulations on pipeline integrity and maintenance drive market growth for inspection, testing, and data management
- ILI (**Onstream**) data integrates w/ real-time risk analytics (**New Century**) and corporate analytics (**PCMS**) for comprehensive, data-driven pipeline intelligence
- Outside the Pipe: **NDT**
Inside the Pipe: **Onstream**
Outside the Fence: **New Century**
Inside the Fence: **PCMS**



UP/DOWNSTREAM

- **DATA ACQUISITION**
 - Traditional & Advanced NDT
- **DATA WAREHOUSING**
 - Complete Asset Integrity Data Tracking
- **RISK ANALYTICS**
 - Corporate & Site-Level Business Analytics
 - Risk-Based Inspection (RBI) Calculations

MIDSTREAM

- **DATA ACQUISITION**
 - New Construction & Integrity Inspections
- **DATA WAREHOUSING**
 - Complete Asset Integrity Data Tracking
- **RISK ANALYTICS**
 - Risk Modeling & Mapping

TECHNOLOGICAL INNOVATION





MISTRAS' Technology Roadmap is developing and utilizing state-of-the-art technology to:

- Evolve the industry from retroactive “Reporting” to a proactive “Predictive” orientation
- Establish partnerships with clients to increase contract longevity and revenues



- Transformative cloud-based tool to input & retrieve mechanical integrity data any time, any place, on any device
- Leading transition away from paper-based field service towards digital reporting
- Eliminates non-value-added work
- Accessible by technical staff, administrators, and customers
- Platform-agnostic with data integrations available

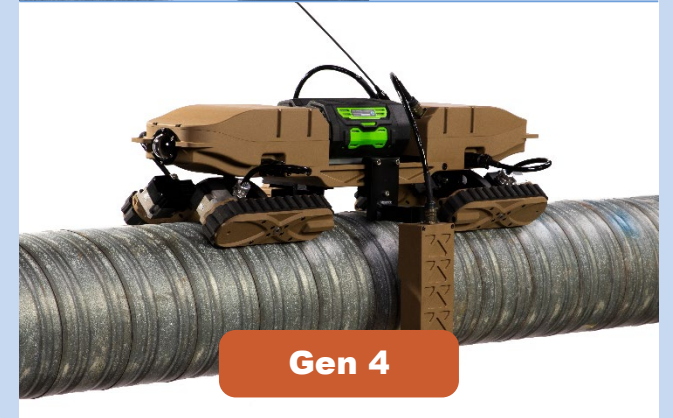




ROBOTIC NDT TECH

Robotic Radiographic (RT) Crawler

- 4th-generation product in less than one year
- Customer feedback incorporated into successive generations
- Patent-pending, proprietary technology creates growth opportunities and provides significant competitive advantages

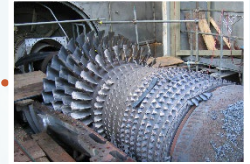




TECHNOLOGICAL INNOVATION

ONLINE MONITORING (OLM)

- Centralization of monitoring activities to a single, common platform
- Dedicated R&D teams focused on cloud-based OLM technology
- Streamlined, secure data transfer to and from the monitoring system, creating a seamless and trusted service for customers



MISTRAS ONLINE MONITORING EXPERIENCE

1,040

VALVES

700

BOILERS

230

TRANSFORMERS

55

COMBUSTION
TURBINES

25

BRIDGES

700

PRESSURE
VESSELS

4

HIGH ENERGY
PIPING



TECHNOLOGICAL INNOVATION

INDUSTRIALIZED INSPECTION

- Continuing R&D for “industrializing NDT” = automated processes and lean management
- Similar to automotive manufacturing: robotics conduct inspections while technicians focus on value-added tasks
- Optimizes aerospace, automotive, and additive manufacturing production cycles
- In-house R&D teams developed automated immersion UT system that requires 1 technician to oversee 4 tanks, **providing 40-200% increases in productivity**

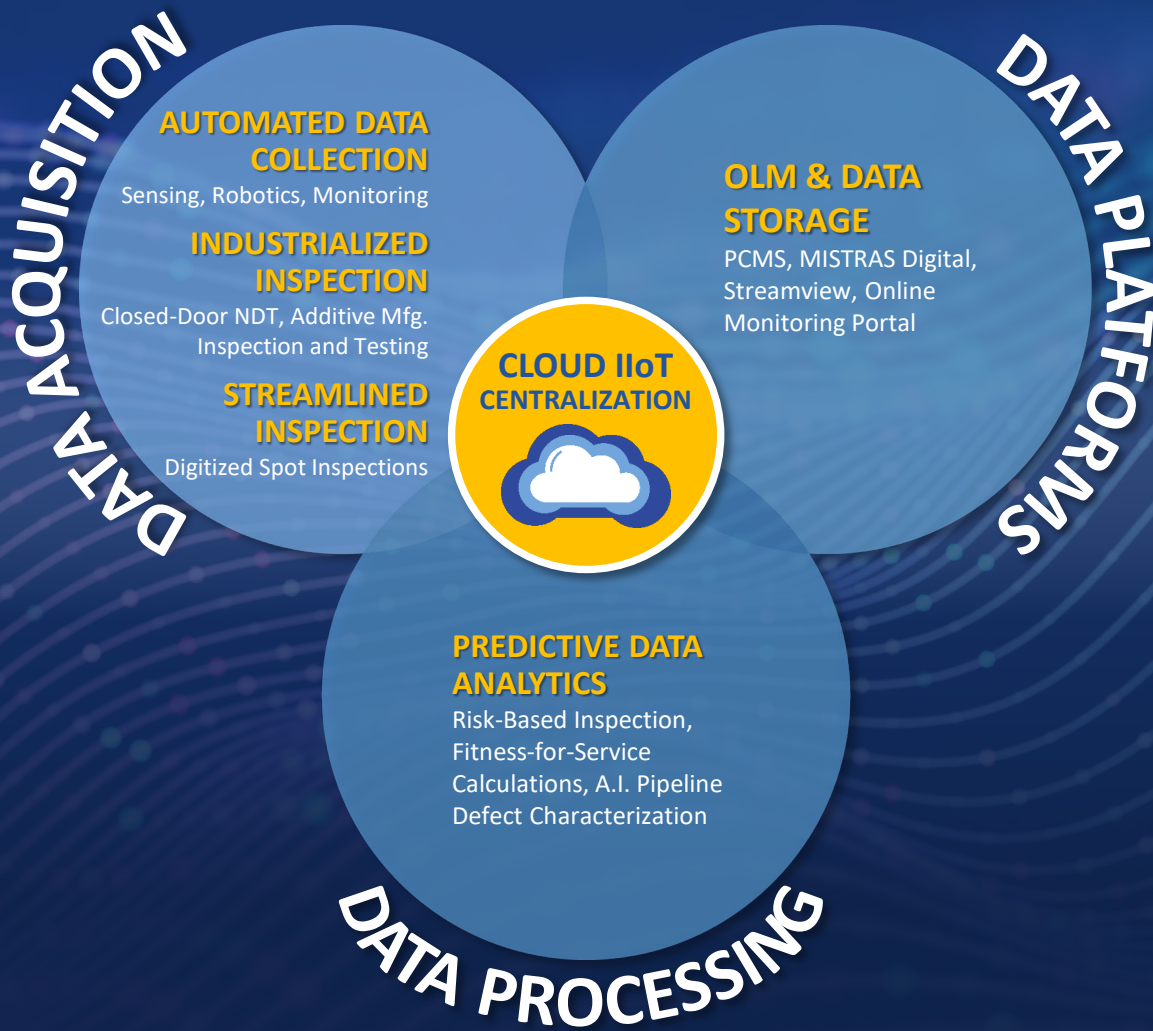


TECHNOLOGICAL INNOVATION

MISTRAS DATA MGMT.

PRESENT MEETS FUTURE

- + IIoT
- + Our Smart Tech
- + Our Digital Platforms
- = MG Technology Roadmap



OUR PROMISE



CUSTOMER EXPERIENCES

OUR PROMISE: UPTIME & SAFETY

\$23MM

**LOST REVENUES
RECOVERED**

ONLINE MONITORING OF AN AMMONIA CONVERSION VESSEL

On-line monitoring enabled customer to avoid downtime and reduce major repair work, resulting in significant savings.

50%

**REDUCTION
IN COSTS**

CUI INSPECTION OF 3 ALKY UNIT TOWERS

Cut costs from \$400K to \$202K through RBI analysis and rope access for inspection and mechanical trades instead of scaffolding.

35%

**REDUCTION
IN COSTS**

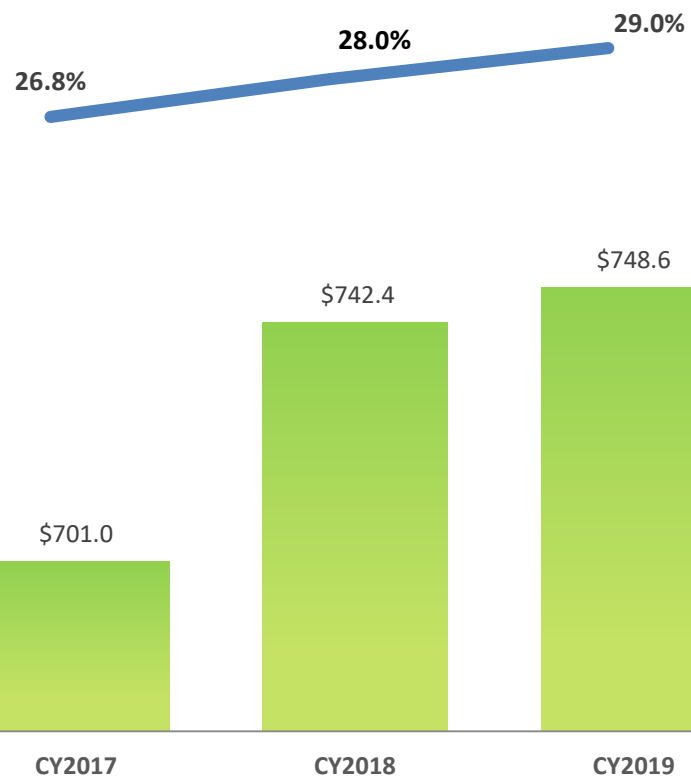
SULFIDATION CORROSION INSPECTION OF 3 REFINERIES

By using rope access for inspection and mechanical trades instead of scaffolding, MISTRAS saved clients \$2.5 million.

CONSISTENT MARGIN TRENDS

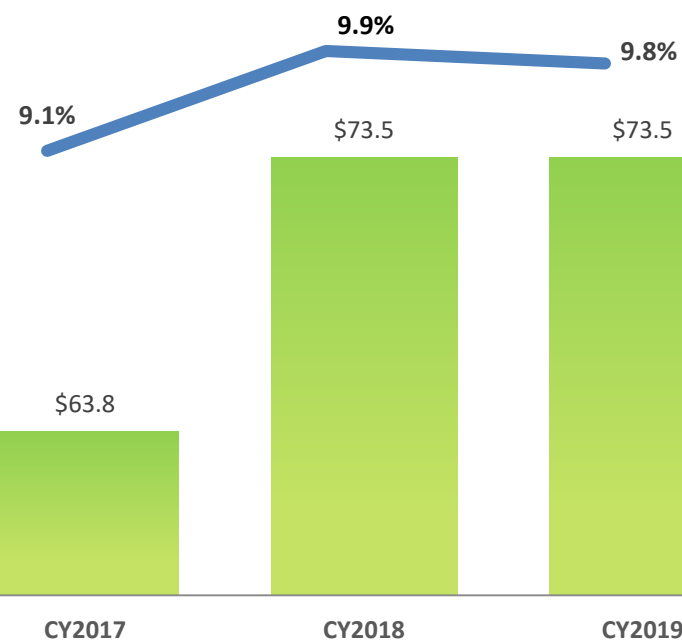
(\$ millions)

Revenue & Gross Margin



(\$ millions)

Adjusted EBITDA & EBITDA Margin



(1) See supplemental slide for adjusted EBITDA reconciliation and important disclosures regarding MISTRAS' use of this non-GAAP financial measure.

STRONG FREE CASH FLOW

Commitment to Free Cash Flow Generation

(\$ in millions)

	CY 16	CY17	CY18	CY19
Net cash provided by operating activities*	\$ 63.2	\$ 55.8	\$ 41.7	\$ 59.1
Capital expenditures	<u>\$ (14.5)</u>	<u>\$ (20.6)</u>	<u>\$ (21.1)</u>	<u>\$ (22.9)</u>
Free cash flow	\$ 48.7	\$ 35.2	\$ 20.6	\$ 36.2
Adjusted EBITDA	\$ 72.5	\$ 63.8	\$ 73.5	\$ 73.5
Free cash flow divided by Adjusted EBITDA	67.2%	55.2%	28.0%	49.3%

MISTRAS has an attractive free cash flow business model with modest CAPEX requirements. Conversion of adjusted EBITDA into Free Cash Flow has averaged ~50% over the past 4 years

(1) See supplemental slide for adjusted EBITDA reconciliation and important disclosures regarding MISTRAS' use of this non-GAAP financial measure

* CY17 includes a \$6.5 million legal settlement payment.

PRUDENT BALANCE SHEET

Maintaining Balance Sheet Strength and Flexibility

(\$ in millions)

Selected Balance Sheet Information	12/31/16	12/31/17	12/31/18	12/31/19
Cash & Cash Equivalents	\$ 19.2	\$ 27.5	\$ 25.5	\$ 15.0
Total Assets	\$ 469.4	\$ 554.4	\$ 694.0	\$ 719.9
Total Debt	\$ 87.3	\$ 166.9	\$ 290.6	\$ 254.7
Shareholders' Equity	\$ 270.6	\$ 270.6	\$ 270.9	\$ 285.8

Balance Sheet Detail				
Current Assets	\$ 182.7	\$ 195.0	\$ 202.8	\$ 179.2
Current Liabilities	\$ (77.7)	\$ (90.2)	\$ (100.5)	\$ (109.2)
Working Capital	\$ 105.0	\$ 104.8	\$ 102.3	\$ 70.0
Less Cash & Equivalents	\$ (19.2)	\$ (27.5)	\$ (25.5)	\$ (15.0)
Net Working Capital	\$ 85.8	\$ 77.3	\$ 76.8	\$ 55.0

Net working capital as % of revenue remains relatively low

Note: Balance Sheet figures presented as reported in Company filings

KEY HIGHLIGHTS - FISCAL 2020

	<u>Nine Months Ended</u>		Year over Year
(in millions of USD)	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>Improvement</u>
Gross Profit Margin	29.9%	29.3%	60 bps
SG&A expenses	\$ 116.3	\$ 126.0	-7.7%
Operating cash flow	\$ 41.8	\$ 40.5	3.3%
CAPEX	\$ 11.0	\$ 18.0	-38.9%
Free cash flow (1)	\$ 30.8	\$ 22.5	36.9%
Net Debt at period end (1)*	\$ 214.4	\$ 239.7	-10.60%
* Defined as total outstanding debt, less cash and cash equivalents.			

(1) See important disclosures regarding MISTRAS' use of these non-GAAP financial measures on the Non-GAAP Financial Measures slide.

NON-GAAP FINANCIAL MEASURES

Use of Non-GAAP Financial Measures

In addition to financial information prepared in accordance with generally accepted accounting principles in the U.S. (GAAP), this presentation also contains adjusted financial measures that we believe provide investors and management with supplemental information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected information. The term "Adjusted EBITDA" used in this presentation is a financial measurement not calculated in accordance with GAAP and is defined as net income attributable to MISTRAS Group, Inc. plus: interest expense, provision for income taxes, depreciation and amortization, share-based compensation expense and certain acquisition related costs (including transaction due diligence costs and adjustments to the fair value of contingent consideration), foreign exchange (gain) loss non-cash impairment charges and, if applicable, certain special items which are noted. A Reconciliation of Adjusted EBITDA to a financial measurement under GAAP is set forth in a table attached to this presentation. The Company also uses the term "free cash flow", a non-GAAP measurement the Company defines as cash provided by operating activities less capital expenditures (which is classified as an investing activity). The Company also uses the term "net debt", a non-GAAP measurement defined as the sum of the current and long-term portions of long-term debt less cash and cash equivalents.

SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES

in thousands				
	CY 16	CY 17	CY 18	CY 19
Net income (loss) attributable to Mistras Group, Inc.	14,409	(2,175)	6,836	6,060
Interest expense	3,075	4,386	7,950	13,698
Provision for income taxes	8,008	1,942	7,426	4,359
Depreciation and Amortization	32,388	31,383	34,413	38,533
Share-based compensation expense	7,324	6,575	6,107	5,766
Acquisition-related expense (benefit), net	(5)	482	532	875
Legal settlements	6,320	1,600	-	-
Bad debt provision for troubled customers	-	1,200	650	3,038
Impairment charges	-	15,810	-	-
(Gain) loss on sale of subsidiaries	-	-	(2,384)	-
Pension withdrawal expense	-	-	5,886	848
Reorganization and other costs	2,467	1,941	4,758	890
Foreign exchange (gains) losses	(1,461)	604	1,311	(535)
Adjusted EBITDA	72,525	63,748	73,485	73,532

Thank You Questions?

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November 2020

EDWARD PRAJZNER, EVP, CFO & TREASURER, MISTRAS GROUP

