



# Investor Presentation

May 2020



# Safe Harbor Statement

The matters discussed in this presentation may constitute or include projections or other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, the provisions of which the Company is availing itself. Certain forward-looking statements can be identified by the use of forward-looking terminology, such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'seeks', 'approximately', 'intends', 'plans', 'estimates', or 'anticipates', or the negative thereof or other comparable terminology, or by discussions of strategy, plans, objectives, intentions, estimates, forecasts, outlook, assumptions, or goals. In particular, statements regarding future operations or results, including those set forth in this presentation, and any other statement, express or implied, concerning future operating results or the future generation of or ability to generate revenues, income, net income, profit, EBITDA, EBITDA margin, or cash flow, including to service debt, and including any estimates, forecasts or assumptions regarding future revenues or revenue growth, are forward-looking statements. Forward looking statements also include estimated project start date, anticipated revenues, and contract options which may or may not be awarded in the future. Forward looking statements involve risks, including those associated with the Company's fixed price contracts that impacts profits, unforeseen productivity delays that may alter the final profitability of the contract, cancellation of the contract by the customer for unforeseen reasons, delays or decreases in funding by the customer, levels and predictability of government funding or other governmental budgetary constraints and any potential contract options which may or may not be awarded in the future, and are the sole discretion of award by the customer. Past performance is not necessarily an indicator of future results. In light of these and other uncertainties, the inclusion of forward-looking statements in this presentation should not be regarded as a representation by the Company that the Company's plans, estimates, forecasts, goals, intentions, or objectives will be achieved or realized. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company assumes no obligation to update information contained in this document whether as a result of new developments or otherwise.

Please refer to the Company's Annual Report on Form 10-K, filed on February 28, 2020, which is available on its website at [www.oriongroupholdingsinc.com](http://www.oriongroupholdingsinc.com) or at the SEC's website at [www.sec.gov](http://www.sec.gov), for additional and more detailed discussion of risk factors that could cause actual results to differ materially from our current expectations, estimates or forecasts.





# Core Values Consistent with Strategy



We take pride in our personal workmanship and that of the entire organization; we are committed to ensuring that each task is properly performed the first time' and we will continuously improve upon everything we do, every day



We are responsible and accountable for our own personal safety; we are equally responsible for the safety of all our coworkers and any others we come into contact with; and we are authorized to and obligated to stop work whenever an unsafe condition, or situation is observed



We are committed to performing assigned tasks in the most efficient, timely and cost effective manner; we expect employees to safeguard company assets; and we always act in the best interest of the company



The foundation of our success rests upon integrity; we view integrity as our ability to be honest, ethical, sincere and forthright in our dealings with others; we will apply the foundation of integrity in everything we do; and when the Company makes a commitment, that commitment must be kept



# Company Overview

Orion Group Holdings, Inc., a leading specialty construction company, provides services in the Infrastructure, Industrial, and Building sectors through its marine construction segment and its concrete construction segment in the continental United States, Alaska, Canada and the Caribbean Basin.

**NYSE:** ORN

**Headquarters:** Houston, Texas

**# of Employees:** ~2,700

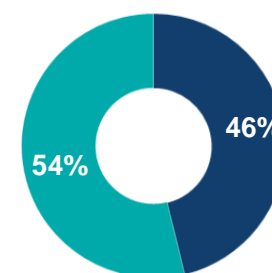
**Market Cap:** \$77 million\*

**Average project duration:** 6-9 Months

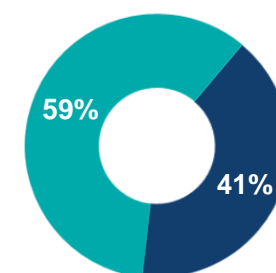
Book value per share \$4.72

■ Marine

■ Concrete



Q1'20 LTM Revenue



Q1'20 Backlog



## Services

- Broad range of marine construction including marine transportation facility construction and dredging services
- Concrete construction services including light commercial, structural and industrial services



## Customers

- Federal, State, Municipal Governments (44% of Revenue in LTM Q1'20)
- Private commercial and industrial clients (56% of Revenue in LTM Q1'20)



## Competition

- Highly fragmented market
- Barriers to entry
- Local, regional, and national competitors



## Financials (LTM)

- **\$731.9 MM** Revenue
- **\$48.7 MM** Adj. EBITDA
- **\$609.5 MM** Backlog (3/31/20)

\*as of 3/31/2020

# Investment Highlights

- Diverse end markets with favorable macro trends
- Unique turnkey project capabilities
- Specialized fleet of equipment creates barriers to entry and a competitive advantage
- Operational transformation underway focused on significantly improved, sustainable profitability



# Favorable Long-Term Drivers Across Business Segments



## Marine

- Port expansions and maintenance
- Downstream energy
- Bridges and causeways
- Marine infrastructure
- Coastal rehabilitation



## Concrete

- Institutional developments and expansion
- Structural developments
- Recreational developments
- Industrial developments



# Marine Segment Capabilities



## Marine Transportation Facility Construction

- Port Facility
- Wharves
- Cruise Ship Terminals

- Bulkheads
- Military Installations
- Liquid Cargo Terminals

- Piers
- Dry Bulk Terminals
- Container Terminals

- Docks
- Marinas

## Dredging Services

- Marine Construction
- Wildlife Refuge Creation
- Electric Capabilities

- Intracoastal Waterway Maintenance
- Reclamation
- Hurricane Restoration

- Port Expansion
- Port Deepening
- Beach Nourishment

## Marine Environmental Structures

- Shoreline Protection
- Environmental Remediation
- GeoTube® Installation

- Wetlands Creation
- Concrete Mattress Installation
- Sea-Grass Bed Creation

- Erosion Control
- Levee Installation

## Marine Pipeline Construction

- Pipeline Anchoring
- Communication Pipeline
- Tie-ins

- Cool Water Intakes
- Effluent Discharge Outfalls
- Intakes

- Velocity Control Structures
- Transmission Pipelines
- Risers

- Outfalls
- Hot-taps
- Jetting

## Specialty Services

- Heavy Lift
- Diving
- Towing

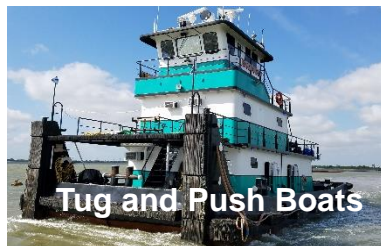
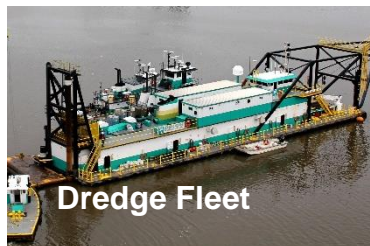
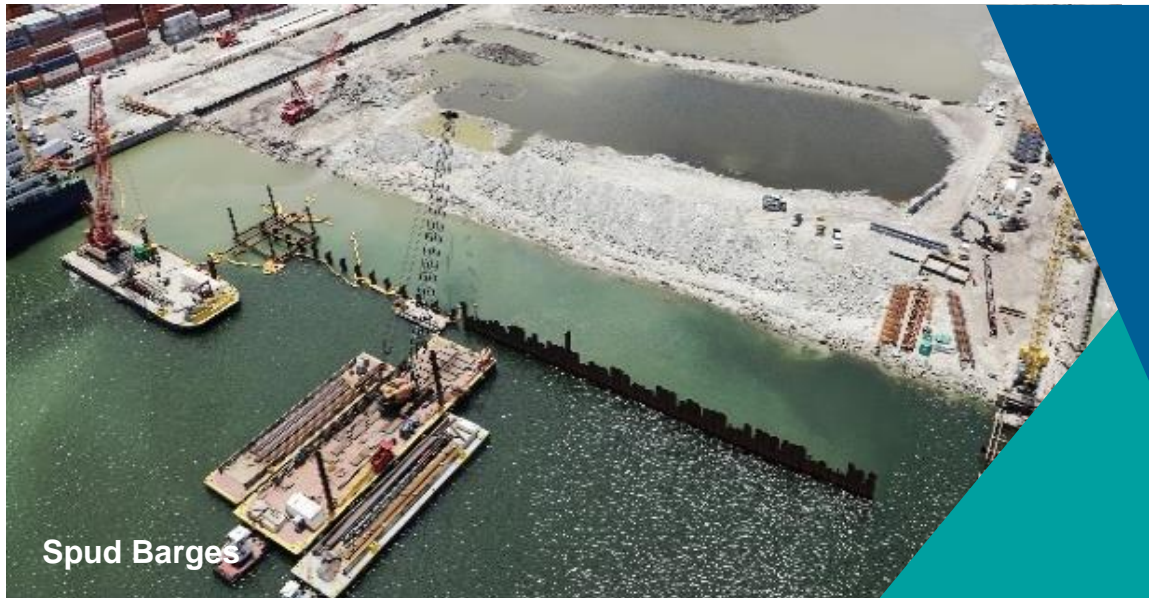
- Inspections
- Demolition
- Surveying

- Encapsulation
- Repair
- Salvage

# Fleet of Specialized Marine Equipment

## Over 300 Vessels & Pieces of Equipment

- 42 spud and material barges
- 21 tug and push boats
- 43 crawler and hydraulic cranes
- 7 cutter suction dredges
- 1 portable dredge ~400 pieces of other equipment



**\$2.24**

book value per share

Estimated Replacement  
Value of over

**\$173**

million



# Commercial Concrete Construction Overview

## One of the largest Texas-based Concrete Contractors

- Concrete construction primarily driven by population growth
- Houston and Dallas/Fort Worth are two of the Top 10 growing metro MSA's in U.S.
  - Significant market share in Houston
  - Expanded to D/FW market in 1995
  - Expanded to Austin market in 2017
- Provides turnkey services covering all phases of commercial concrete construction
- Acquired in 2015



# Breadth of Concrete Services and Resources

## Provides Services Across Three Avenues:

- **Light Commercial** – Horizontally poured concrete, tilt-walls, trenches, rebar installation, and pumping services
- **Structural** – Elevated concrete pouring, including columns, elevated beams, and structural walls
- **Industrial** – Warehouses, manufacturing plants, water treatment facilities, and refineries



150

Avg. Project/Yr.

4,000

Completed Projects

12 Yr.

Avg. Customer Tenure

90%

Repeat Business

# High Quality Customer Base

## Marine Segment

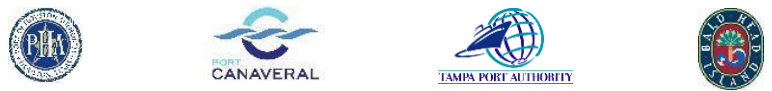
### Federal Government Customers



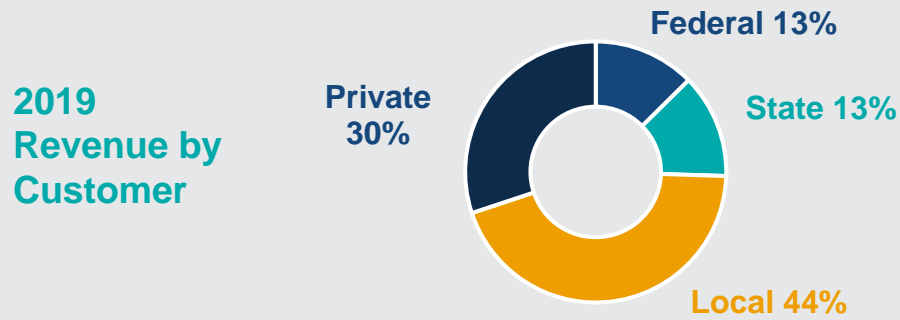
### State Government Customers



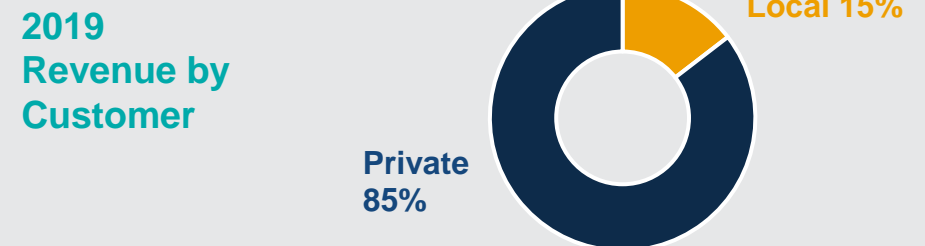
### Local Government Customers



### Private Customers

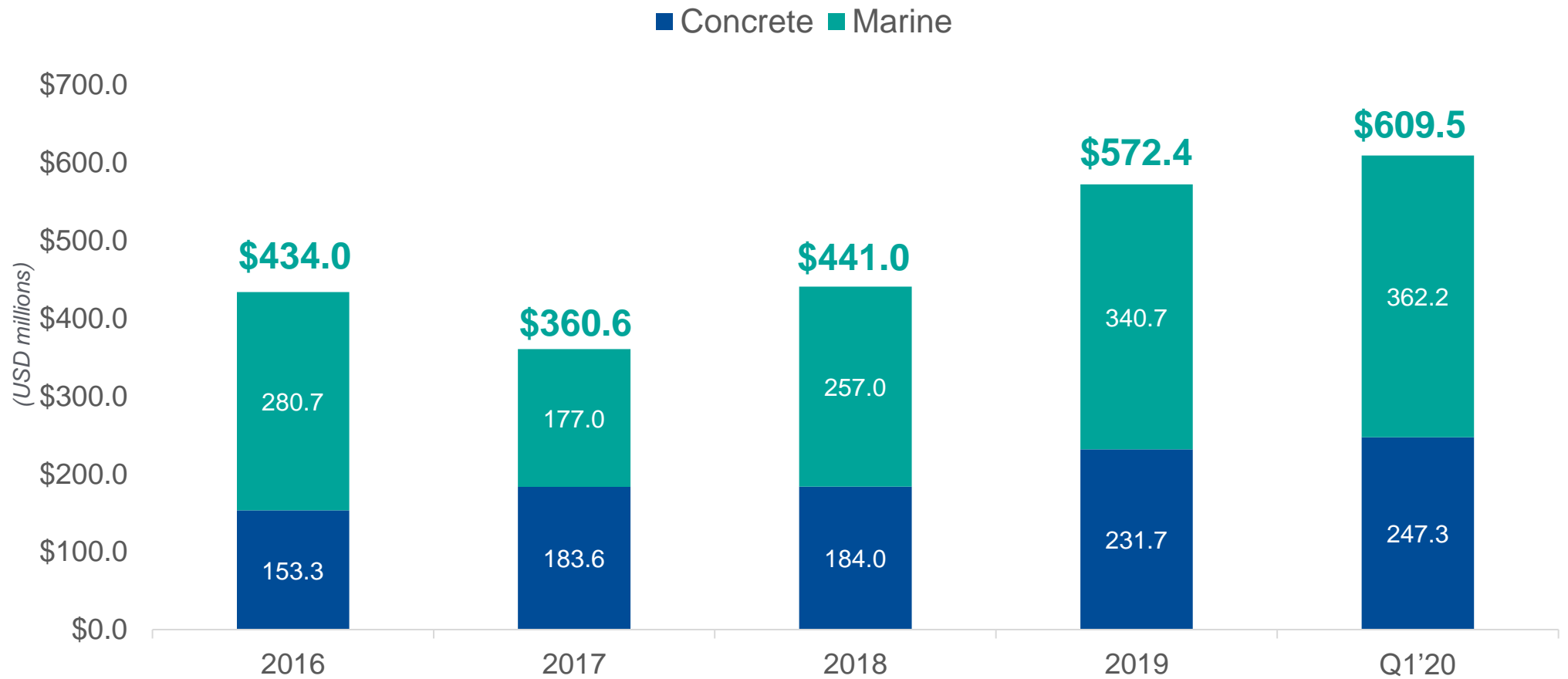


## Concrete Segment





# Backlog at Record Levels



# Expansion In Industrial Sector

Service	Orion Capabilities	
	Existing	New
Structural Excavations & Backfill	✓	
Foundations (Drive, Piles, Pile Caps, Footings, Piers)	✓	
Form/Concrete/Rebar	✓	
Columns/Pipe Supports/Walls	✓	
Slab-on-grade and Paving	✓	
Elevated Concrete	✓	
Hoisting	✓	
Utilities, Waterproofing & Coatings		✓ <sup>(1)</sup>

(1) Represents scopes of work that will be subcontracted.



The industrial sector represents a broad range of opportunities for our company. By leveraging our skill sets and customer base, we are expanding our addressable markets to provide high-quality services to meet more of our customers needs.



# Invest, Scale, and Grow Transformation Underway\*

## Labor Management

- Enhanced management reporting to improve project labor efficiency
- Advanced resource planning and project continuity to minimize unassigned/unabsorbed labor

## Equipment Management

- Improved management reporting to benefit: equipment scheduling, repair and maintenance expenditures, capital expenditures and dispositions of underutilized equipment
- Reduced our net equipment expense and improved margin consistency

## Project Execution

- Enhanced management training
- Improved data analytics for project selection process
- Enhanced productivity reporting tools and push for standardization between our locations
- Improved oversight processes

## Corporate Processes

- Utilized outside resources to review our workflow processes
- Enhanced or upgraded personnel in key positions
- Implemented a shared services platform to eliminate duplication of efforts and costs





# Recent Annual Results

(\$ in thousands)	2017	2018	2019
Contract Revenues	\$578,553	\$520,894	\$708,390
Operating Income	\$1,538*	(\$39,811)**	\$2,193
Adjusted EBITDA	\$31,070	\$24,036	\$36,797
Adjusted EPS	(\$0.14)	(\$0.37)	0.00
Operating Cash Flows	\$34,133	\$21,931	(\$716)

# Recent Quarterly Results

(\$ in thousands)	FY20 Q1	FY19 Q1	Variance
Contract Revenues	\$166,620	\$143,105	16.0%
Operating Income	\$4,365	(\$6,177)	171%
Adjusted EBITDA	\$12,219	\$2,433	402%
Adjusted EBITDA Margin (%)	7.30%	1.70%	329%

## Contract Revenues were up due to:

- Increased volume of project execution in the Marine segment
- Partially offset by a slight decline in revenue in the Concrete segment

## Operating income increased due to:

- Increased labor and equipment utilization leading to increased cost absorption on projects in Marine
- Improved man hours per cubic yard in Concrete

# Liquidity to Fund Operations

**As of March 31, 2020**  
(\$ in mm)

**Cash and equivalents** \$12.6

**Current Assets** \$198.9

**Working Capital** \$64.8

**Total Assets** \$384.8

**Current Liabilities** \$134.1

**Total Debt** \$71.5

**Total Liabilities** \$244.6

**Shareholder's Equity** \$140.2



- Conservative Balance Sheet
- Low Leverage
- Strong Liquidity Position
- Access to Capital Markets
- In excess of \$750 million in bonding Capacity





# Appendix

EBITDA/Adjusted EBITDA reconciliation

# Adj. EBITDA and Adj. EBITDA Margin Reconciliation

	2012	2013	2014	2015	2016	2017	2018	2019	Q1 2020
Net income (loss)	(\$11,866)	\$331	\$6,877	(\$8,060)	(\$3,620)	\$400	(\$94,422)	(\$5,359)	\$2,723
Income tax	(\$4,640)	(\$937)	\$3,175	(\$2,519)	\$1,581	(\$4,541)	(\$12,233)	\$1,868	\$377
Interest expense, net	\$708	\$512	\$677	\$3,116	\$6,172	\$5,720	\$7,807	\$6,455	\$1,362
Depreciation and amortization	\$21,570	\$21,538	\$23,451	\$28,083	\$34,162	\$29,491	\$31,799	\$28,407	\$516
EBITDA <sup>(1)</sup>	\$5,772	\$21,444	\$34,180	\$20,620	\$38,295	\$31,070	(\$67,049)	\$31,371	\$11,354
Changes in Cost Estimate	--	--	--	--	--	--	\$22,770	--	
Reserve on disputed AR	--	--	--	--	--	--	\$4,280	--	
Goodwill impairment charges	--	--	--	--	--	--	\$69,483	--	
Legal settlement	--	--	--	--	--	--	(\$5,448)	--	
Stock-based compensation	\$3,115	\$2,141	\$1,594	\$2,277	\$2,280	\$2,303	\$2,240	\$2,753	\$462
ISG Initiative	--	--	--	--	--	--	--	\$4,781	\$369
Severance	--	--	--	--	--	--	--	\$645	\$34
Adjusted EBITDA	\$2,657	\$19,303	\$32,586	\$18,343	\$36,015	\$28,767	\$21,796	\$34,044	\$12,219
Profit margin <sup>(2)</sup>	-4.06%	0.09%	1.78%	-1.73%	-0.63%	0.07%	-1.81%	-0.08%	1.63%
Impact of income taxes	-1.59%	-0.26%	0.82%	-0.54%	0.27%	-0.78%	-2.34%	0.26%	0.23%
Impact of interest expense, net	0.24%	0.14%	0.18%	0.67%	1.07%	1.00%	1.50%	0.91%	0.82%
Impact of depreciation and amortization	7.39%	6.07%	6.08%	6.02%	5.91%	5.10%	6.10%	4.01%	0.31%
EBITDA margin <sup>(1)</sup>	1.98%	6.05%	8.86%	4.42%	6.62%	5.40%	7.68%	4.43%	6.81%

(1) EBITDA is a non-GAAP measure that represents earnings before interest, taxes, depreciation and amortization. EBITDA margin is a non-GAAP measure calculated by dividing EBITDA by contract revenues.

(2) Profit margin is calculated by dividing Net income (loss) by contract revenue