Orion Marine Group, Inc. Reports Fourth Quarter and Full Year 2009 Results

March 4, 2010

HOUSTON, Mar 4, 2010 (GlobeNewswire via COMTEX) -- Orion Marine Group, Inc. (NYSE:ORN) (the "Company"), a leading heavy civil marine contractor, today reported net income for the three months ended December 31, 2009, of $4.0 million ($0.15 diluted earnings per share). These results compare to net income of $5.5 million ($0.25 diluted earnings per share) for the same period a year ago. For the full year 2009, Orion Marine Group reported net income of $20.0 million ($0.84 diluted earnings per share), which compares to 2008 net income available to common shareholders of $14.5 million ($0.66 diluted earnings per share). Fourth quarter and full year 2009 earnings per share calculations include additional shares outstanding as a result of the secondary offering made during the third quarter 2009.

"We achieved another record revenue year in 2009 with continued strong EBITDA margins," said Mike Pearson, Orion Marine Group's President and Chief Executive Officer. "Throughout the year we saw a good bidding environment, overall strong end markets, a record backlog at year end, and momentum for continued future growth."

Financial highlights of the Company's fourth quarter and full year 2009 include:

Fourth Quarter 2009

-- Fourth quarter 2009 contract revenues were $71.2 million, as compared with the fourth quarter of 2008 revenues of $79.2 million. Revenue in the fourth quarter 2009 was down as compared to the fourth quarter 2008 due to the revenue shift from the hurricanes last year boosting fourth quarter 2008 revenue, and as a result of delays in fourth quarter 2009 project start dates related to fluctuations in timeframes for permitting, contract award, and notices to proceed from customers.

-- Gross profit for the quarter was $13.6 million which represents a decrease of $4.4 million as compared with the fourth quarter of 2008. Gross profit margin for the quarter was 19.0%, which was down from 22.7% as compared to the prior year period as a result of higher sub-contracting costs and increased equipment costs due to delays in project start dates related to fluctuations in timeframes for permitting, contract award, and notices to proceed from customers.

-- The Company self-performed approximately 83% of its work as measured by cost during the fourth quarter 2009 as compared with 91% in the prior year period.

-- Selling, General, and Administrative expenses for the fourth quarter 2009 were $7.3 million as compared to $9.1 million in the prior year period. The decrease was primarily due to fourth quarter 2008 amortization costs related to the acquisition in February 2008 and increases related to bad debt reserve and property taxes during the fourth quarter 2008.

-- The Company's fourth quarter 2009 EBITDA was $10.1 million, representing a 14.2% EBITDA margin, which compares to fourth quarter 2008 EBITDA of $13.7 million, or a 17.2% EBITDA margin.

Full Year 2009

-- Full year 2009 contract revenues increased to $293.5 million, as compared with full year 2008 revenues of $261.8 million or a 12.1% increase year-over-year. Revenue growth for the full year was at the low end of the Company's full year revenue growth goal of 12% to 16% as a result of delays in project start dates related to fluctuations in timeframes for permitting, contract award, and notices to proceed from customers during the second and fourth quarters of 2009.

-- Gross profit for the year was $62.7 million which represents an increase of $12.2 million as compared with the full year 2008. Gross profit margin for the year was 21.4%, which was up from 19.3% for the full year 2008.

-- The Company self-performed approximately 88% of its work as measured by cost during 2009 essentially equal to the prior year period.

-- Selling, General, and Administrative expenses for the full year 2009 were $30.9 million or $2.9 million higher than the full year 2008.

-- The Company's full year 2009 EBITDA was $50.5 million, representing a 17.2% EBITDA margin, which compares to full year 2008 EBITDA of $41.3 million, or a 15.8% EBITDA margin. EBITDA margin for the year was at the upper end of the Company's full year EBITDA margin goal range of 14% to 18%.

Backlog of work under contract as of December 31, 2009 was a record $252.9 million which compares with backlog under contract at December 31, 2008 of $159.4 million. Subsequent to year end, the acquisition of T.W. LaQuay Dredging added approximately $25 million to backlog on January 28, 2010. The Company reminds investors that backlog can fluctuate from period to period due to the timing and execution of contracts. Given the typical duration of the Company's projects, which range from three to nine months, the Company's backlog at any point in time usually represents only a portion of the revenue it expects to realize during a twelve month period. Backlog consists of projects under contract that have either (a) not been started, or (b) are in progress and not yet complete, and the Company cannot guarantee that the revenue projected in its backlog will be realized, or, if realized will result in earnings.

"We ended the year with revenue growth at the low end of our goal range and EBITDA margin in the upper end of our full year goal range," said Mark Stauffer, Orion Marine Group's Executive Vice President and Chief Financial Officer. "We are pleased with our results for the year which remained strong despite a challenging economy. In 2009 we continued to grow the business and improve bottom line results".

2010 Outlook

The Company expects to continue to see positive trends in port expansion, U.S. infrastructure updates, coastal and wetland restoration projects, expansion in the cruise industry and projects involving dredging services long term.

"With the acquisitions we have already announced this year and the continued strength in most of our end markets, we are well positioned to meet the opportunities of 2010 while continuing our growth," said Mr. Pearson. "The equipment we have recently added along with our geographic expansion will help us continue to drive growth."

Looking at 2010 in detail, the Company is tracking $4.5 to $5.0 billion of bid opportunities of which it expects approximately $1.8 billion could liquidate in 2010. As a result of the current backlog, current expected bid opportunities and recent acquisitions, the Company increased its full year 2010 revenue goal to range between $390 million and $410 million. The Company's full year 2010 EBITDA margin goal is 16% - 18%.

For the first quarter 2010, the Company expects revenue will be in the $72 to $77 million range with first quarter 2010 EBITDA margin in the 16% to 18% range. First quarter 2010 will be impacted by acquisition costs of between $1.5 and $2.0 million.

Conference Call Details

Orion Marine Group will conduct a telephone briefing to discuss its results for the fourth quarter and full year 2009 at 10:00 a.m. Eastern Time/9:00 a.m. Central Time on Thursday, March 4, 2009. To listen to a live broadcast of this briefing, visit the Investor Relations section of the Company's website at www.orionmarinegroup.com. To participate in the call, please call the Orion Marine Group Full Year 2009 Earnings Conference Call at 800-901-5248; participant code 23887168.

A replay of this briefing will be available on the Web site within 24 hours and will be archived for at least two weeks.

About Orion Marine Group

Orion Marine Group, Inc. provides a broad range of marine construction and specialty services on, over and under the water along the Gulf Coast, the Atlantic Seaboard, the West Coast, Canada and the Caribbean Basin and acts as a single source turn-key solution for its customers' marine contracting needs. Its heavy civil marine construction services include marine transportation facility construction, marine pipeline construction, marine environmental structures, dredging, and specialty services. Its specialty services include salvage, demolition, diving, surveying, towing and underwater inspection, excavation and repair. The Company is headquartered in Houston, Texas and has an almost 80-year legacy of successful operations.

The Orion Marine Group, Inc. logo is available at http://www.globenewswire.com/newsroom/prs/?pkgid=4539

EBITDA and EBITDA Margin

This press release includes the financial measures "EBITDA" and "EBITDA margin". These measurements may be deemed "non-GAAP financial measures" under rules of the Securities and Exchange Commission, including Regulation G. The non-GAAP financial information may be determined or calculated differently by other companies. By reporting such non-GAAP financial information, the Company does not intend to give such information greater prominence than comparable and other GAAP financial information, which information is of equal or greater importance.

Orion Marine Group defines EBITDA as net income before net interest expense, income taxes, depreciation and amortization. EBITDA margin is calculated by dividing EBITDA for the period by contract revenues for the period. The GAAP financial measure that is most directly comparable to EBITDA margin is operating margin, which represents operating income divided by contract revenues. EBITDA and EBITDA margin are used internally to evaluate current operating expense, operating efficiency, and operating profitability on a variable cost basis, by excluding the depreciation and amortization expenses, primarily related to capital expenditures and acquisitions, and net interest and tax expenses. Additionally, EBITDA and EBITDA margin provide useful information regarding the Company's ability to meet future debt repayment requirements and working capital requirements while providing an overall evaluation of the Company's financial condition. In addition, EBITDA is used internally for incentive compensation purposes. The Company includes EBITDA and EBITDA margin to provide transparency to investors as they are commonly used by investors and others in assessing performance. EBITDA and EBITDA margin have certain limitations as analytical tools and should not be used as a substitute for operating margin, net income, cash flows, or other data prepared in accordance with generally accepted accounting principles in the United States, or as a measure of the Company's profitability or liquidity.

A reconciliation of the Company's future EBITDA margin to the corresponding GAAP measure is not available as these are estimated goals for the performance of the overall operations over the planning period. These estimated goals are based on assumptions that may be affected by actual outcomes, including but not limited to the factors noted in the "forward looking statements" herein, in other releases, and in filings with the Securities and Exchange Commission.

Forward-Looking Statements

The matters discussed in this press release 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, assumptions, or goals. In particular, statements regarding future operations or results, including those set forth in this press release (including those under "Outlook" above), 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, 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, 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 press release 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 press release whether as a result of new developments or otherwise.

Please refer to the Company's Annual Report on Form 10-K, filed on March 19, 2008, which is available on its website at www.orionmarinegroup.com or at the SEC's website at 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.

Orion Marine Group, Inc. and Subsidiaries
Consolidated Statements of Income
(In thousands, except share and per share information)

	Three Months Ended		Twelve Months Ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contract revenues	$ 71,235	$ 79,244	$ 293,494	$ 261,802
Costs of contract revenues	57,685	61,294	230,797	211,351
Gross profit	13,550	17,950	62,697	50,451
Selling, general and administrative expenses	7,309	9,099	30,947	27,978
Operating income	6,241	8,851	31,750	22,473
Interest income	(77)	(155)	(352)	(530)
Interest expense	14	391	538	1,246

Interest (income) expense, net	(63)	236	186	716
Income before income taxes	6,304	8,615	31,564	21,757
Income tax expense	2,298	3,150	11,534	7,282
Net income	$ 4,006	$ 5,465	$ 20,030	$ 14,475
Basic earnings per share--Common	$ 0.15	$ 0.25	$ 0.85	$ 0.67
Diluted earnings per share--Common	$ 0.15	$ 0.25	$ 0.84	$ 0.66
Shares used to compute earnings per share:				
Basic--Common	26,807,287	21,556,688	23,577,854	21,561,201
Diluted--Common	27,212,572	21,789,976	23,979,943	21,979,535

Orion Marine Group, Inc. and Subsidiaries
EBITDA and EBITDA Margin Reconciliations
(In Thousands, except margin data)

	Three Months Ended		Twelve Months Ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income	$ 4,006	$ 5,465	$ 20,030	$ 14,475
Income tax expense	2,298	3,150	11,534	7,282
Interest (income) expense, net	(63)	236	187	716
Depreciation and amortization	3,887	4,800	18,788	18,847
EBITDA(1)	$ 10,128	$ 13,651	$ 50,538	$ 41,321
Operating Income Margin(2)	8.8%	11.2%	10.8%	8.6%
Impact of Depreciation and Amortization	5.4%	6.0%	6.4%	7.2%
EBITDA margin(1)	14.2%	17.2%	17.2%	15.8%

(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) Operating income margin is calculated by dividing operating income by contract revenues.

Orion Marine Group, Inc. and Subsidiaries
Supplementary Financial Information
(In Thousands)

Twelve Months Ended

	December 31, 2009	December 31, 2008
	(Unaudited)	(Unaudited)
Net cash flow from operating activities	$ 40,336	$ 26,471
Capital Expenditures	$ 22,693	$ 14,485

	Balance as of	
	December 31, 2009	December 31, 2008
Cash and cash equivalents	$ 104,736	$ 25,712
Term debt outstanding	$ --	$ 34,125

SOURCE: Orion Marine Group, Inc.

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