



Orion Marine Group, Inc. Reports Fourth Quarter and Full Year 2010 Results

March 3, 2011

HOUSTON, Mar 3, 2011 (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, 2010, of \$3.0 million (\$0.11 diluted earnings per share). These results compare to net income of \$4.0 million (\$0.15 diluted earnings per share) for the same period a year ago. For the full year 2010, Orion Marine Group reported net income of \$21.9 million (\$0.81 diluted earnings per share), which compares to 2009 net income of \$20.0 million (\$0.84 diluted earnings per share). Full year 2010 earnings per share calculations include additional shares outstanding as a result of the secondary offering made during the third quarter 2009.

"During 2010, we saw many challenges and many accomplishments," said Mike Pearson, Orion Marine Group's President and Chief Executive Officer. "Although less than we initially expected, we continued to grow the business which resulted in record full year revenue with a solid bottom line performance and strong EBITDA margins. In fact, we ended 2010 with more than double the amount of revenue we had in 2005, while maintaining industry leading EBITDA margins."

Financial highlights of the Company's fourth quarter and full year 2010 include:

Fourth Quarter 2010

- Fourth quarter 2010 contract revenues were \$90.4 million, an increase of 26.9%, as compared with fourth quarter of 2009 revenues of \$71.2 million.
- Gross profit for the quarter was \$11.6 million which represents a decrease of \$1.9 million as compared with the fourth quarter of 2009. Gross profit margin for the quarter was 12.9%, which was lower than the prior year period of 19.0%. During the fourth quarter 2010 gross profit margin was impacted by production issues on a couple of jobs and changes in the mix of contracts as compared to the prior year period.
- Selling, General, and Administrative expenses for the fourth quarter 2010 were \$7.2 million as compared to \$7.3 in the prior year period.
- The Company's fourth quarter 2010 EBITDA was \$9.3 million, representing a 10.3% EBITDA margin, which compares to fourth quarter 2009 EBITDA of \$10.1 million, or a 14.2% EBITDA margin.

Full Year 2010

- Full year 2010 contract revenues increased to \$353.1 million, up 20.3% year-over-year as compared with full year 2009 revenues of \$293.5 million.
- Gross profit for the year was \$65.2 million which represents an increase of \$2.5 million as compared with the full year 2009. Gross profit margin for the year was 18.5%, which was down from 21.4% for the full year 2009. Gross profit margin was primarily impacted during the year by pricing pressure in the East Coast construction market.
- The Company self-performed approximately 82% of its work as measured by cost during 2010 as compared with 88% during the prior year period. Self performance was lower than the Company's historical average due to changes in the mix of contracts as compared to the prior year period.
- Selling, General, and Administrative expenses for the full year 2010 were \$32.6 million as compared with \$30.7 million in the prior year

period.

- The Company's full year 2010 EBITDA was \$53.6 million, representing a 15.2% EBITDA margin, which compares to full year 2009 EBITDA of \$50.5 million, or a 17.2% EBITDA margin.

Backlog of work under contract as of December 31, 2010 was \$194.5 million which compares with backlog under contract at December 31, 2009 of \$252.9 million. Subsequent to the end of the year, the Company has been successful in continuing to obtain additional awards for new work. 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 are comfortable with our backlog and we continue to see solid demand for our services," said Mark Stauffer, Orion Marine Group's Executive Vice President and Chief Financial Officer. "We urge you to continue to focus on long term results and not short term fluctuations. We continue to be an industry leader and ended 2010 with a strong stable balance sheet, positive year-over-year net income growth, positive year-over year EBITDA growth and a 20% growth in the top line. Our goal is to double revenues again during the next five years while continuing to deliver solid bottom line results. We will accomplish this through growth opportunities, strategic acquisitions, and new service lines to complement our core capabilities. We feel there is plenty of market to support this growth and are optimistic about the road ahead."

Outlook

The Company expects to continue to see positive long-term trends in port expansion, U.S. infrastructure updates, coastal and wetland restoration projects, expansion in the cruise industry and projects involving dredging services. Currently the Company is tracking approximately \$5 billion of future bid opportunities and continues to see strong bidding activity across its markets and geographic areas.

"Given some of the uncertainties in the general economic and political environment, we believe it is prudent to be cautious about 2011," said Mr. Pearson. "As previously stated, we believe it is reasonable to expect full year 2011 revenues will be at least flat as compared to 2010. Actual results could exceed our full year revenue expectation if there is an easing of pricing pressures on the East Coast, passage of a new highway funding bill, better than expected lettings from the Army Corps of Engineers as a result of Harbor Maintenance Trust Fund legislation, better than expected international opportunities, or the acceleration of port expansion projects in our market areas. We continue to expect full year 2011 EBITDA margins to be in the 14% to 16% range."

For the first quarter, 2011, the Company expects revenue will be at least flat as compared to the first quarter 2010 with EBITDA margins in the 14% to 16% range.

Conference Call Details

Orion Marine Group will conduct a telephone briefing to discuss its results for the fourth quarter 2010 at 10:00 a.m. Eastern Time/9:00 a.m. Central Time on Thursday, March 3, 2011. 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 Fourth Quarter 2010 Earnings Conference Call at 800-638-5439; participant code 39051212.

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 100-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 9, 2010, 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, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Contract revenues	\$ 90,428	\$ 71,235	\$ 353,135	\$ 293,494
Costs of contract revenues	78,802	57,685	287,902	230,797
Gross profit	11,626	13,550	65,233	62,697
Selling, general and administrative expenses	7,155	7,246	32,646	30,695
Operating income	4,471	6,304	32,587	32,003
Gain from bargain purchase of equipment	587	--	(1,589)	--
Interest income	(56)	(77)	(99)	(352)
Interest expense	112	77	434	790
Other (income) expense, net	643	--	(1,254)	438
Income before income taxes	3,828	6,304	33,841	31,564
Income tax expense	834	2,298	11,959	11,534

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Net income	\$ 2,994	\$ 4,006	\$ 21,882	\$ 20,030
	=====	=====	=====	=====
Basic earnings per share--Common	\$ 0.11	\$ 0.15	\$ 0.81	\$ 0.85
Diluted earnings per share--Common	\$ 0.11	\$ 0.15	\$ 0.81	\$ 0.84
Shares used to compute earnings per share:				
Basic--Common	26,946,559	26,807,287	26,899,373	23,577,854
Diluted--Common	27,148,081	27,212,572	27,165,852	23,979,943

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

	Three Months Ended		Twelve Months Ended	
	-----		-----	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	-----	-----	-----	-----
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income	\$ 2,994	\$ 4,006	\$ 21,882	\$ 20,030
Income tax expense	834	2,298	11,959	11,534
Interest (income) expense, net	56	--	335	438
Depreciation and amortization	5,396	3,824	19,458	18,536
	-----	-----	-----	-----
EBITDA ¹	\$ 9,280	\$ 10,128	\$ 53,634	\$ 50,538
	=====	=====	=====	=====
Operating Income Margin ²	5.6%	8.8%	9.7%	10.8%
Impact of Depreciation and Amortization	4.7%	5.4%	5.5%	6.4%
	-----	-----	-----	-----
EBITDA margin ¹	10.3%	14.2%	15.2%	17.2%
	=====	=====	=====	=====

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 plus gain from bargain purchase of equipment by contract revenues.

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

Balance as of

	December 31, 2010	December 31, 2009
	----- (Unaudited)	----- (Unaudited)
Assets		
Current assets		
Cash and cash equivalents	\$ 23,174	\$ 104,736
Accounts receivable	55,842	45,769
Taxes receivable	7,668	3,040
Note receivable	90	961
Inventory	2,991	1,472
Assets held for sale	--	--
Deferred tax assets	1,794	1,499
Costs and estimated earnings in excess of billings on uncompleted contracts	26,103	10,868
Prepaid expenses and other	2,076	1,624
	-----	-----
Total current assets	119,738	169,969
Property and equipment, net	155,311	90,790
Goodwill	32,168	12,096
Intangible assets, net of amortization	5	38
Other assets	357	264
	-----	-----
Total assets	\$ 307,579	\$ 273,157
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ --	\$ --
Accounts payable		
Trade	25,519	23,680
Retainage	377	1,227
Accrued liabilities	12,463	8,354
Taxes payable	262	312
Billings in excess of costs and estimated earnings on uncompleted contracts	4,389	5,636
	-----	-----
Total current liabilities	43,010	39,209
Long-term debt, less current portion	--	--
Other long-term liabilities	746	514
Deferred income taxes	16,707	11,453
Deferred revenue	260	315
	-----	-----
Total liabilities	60,723	51,491
Stockholders' equity		
Common stock	270	268
Treasury stock	--	--
Additional paid in		

capital	154,667	151,361
Retained earnings	91,919	70,037
	-----	-----
Total stockholders' equity	246,856	221,666
	-----	-----
Total liabilities and stockholders' equity	\$ 307,579	\$ 273,157
	=====	=====

Twelve Months Ended

	December	December
	31,	31,
	2010	2009
	-----	-----
	(Unaudited)	(Unaudited)

Net cash flow from operating activities	\$ 13,839	\$ 40,336
	=====	=====
Capital Expenditures	\$ 29,050	\$ 22,693
	=====	=====

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