**Orion Group Holdings, Inc. (Q4 2022 Earnings)**

**March 15, 2023**

**Corporate Speakers:**

- Margaret Boyce; Orion Group Holdings; IR
- Travis Boone; Orion Group Holdings; CEO
- Scott Thanisch; Orion Group Holdings; CFO

**Participants:**

- Julio Romero; Sidoti; Analyst
- Joe Gomes; Noble Capital; Analyst
- Alex Rygiel; B. Riley Securities; Analyst
- Dave Storms; Stonegate Capital Markets; Analyst
- Unidentified Participant; ASI; Analyst

**PRESENTATION**

Operator^ Good day, and welcome to Orion Group Holdings Fourth Quarter and Full Year 2022 Earnings Conference Call and Webcast. (Operator Instructions)
Please note this event is being recorded.

I would now like to turn the conference over to Margaret Boyce, Investor Relations for Orion. Please go ahead, ma'am.

Margaret Boyce^ Thank you, Operator. Thank you all for joining us today to discuss Orion Group Holdings fourth quarter and full year 2022 financial results. We issued our earnings release after market last night. It is available on the Investor Relations section of our website at oriongroupholdingsinc.com.

I'm here today with Travis Boone, Chief Executive Officer of Orion; and Scott Thanisch, Chief Financial Officer. On today's call, management will provide prepared remarks and then we'll open up the call for your questions.

Before we begin, I would like to remind you that today's comments will include forward-looking statements under the federal securities laws. Forward-looking statements are identified by words such as will, be, intend, believe, expect, anticipate or other comparable words and phrases. Statements that are not historical facts, such as statements regarding the current and expected status of our negotiations regarding a replacement credit facility and our expectations regarding the filing of our audited financial statements tomorrow, with a going concern are forward-looking statements.

Our actual financial condition and results of operations may vary materially from those contemplated by such forward-looking statements. Discussion of the factors that could cause our results to differ materially from those forward-looking statements are contained in our SEC filings, including our reports on Form 10-Q.

With that, I would now like to turn the call over to Travis. Travis, please go ahead.

Travis Boone^  Thank you, Margaret. And thank you all for joining our fourth quarter and year-end 2022 conference call. Here with me today is Scott Thanisch, our Chief Financial Officer. We have a lot of ground to cover today, so let's get started.

I'll begin with our strategic plan to put Orion on the right course for improved performance and then Scott will discuss operations and financials. In the six months since Scott and I joined Orion, we formed a great partnership and have been busy dividing and conquering our workload. We both continue to be impressed by the talent and energy of our team and are excited about the enormous opportunity ahead of us.

Today, we have a much deeper understanding of our company's strengths and our opportunities for improvement. We believe our recent financial results barely scratched the surface of Orion's potential and we are confident our business will continue to improve in 2023.

In fact, 2023 is off to a great start. We are building great momentum. Since the beginning of the year, we announced contract wins totaling over $582 million including on Friday afternoon when we were awarded a $448 million contract with the United States Navy to build a dry dock at Pearl Harbor as part of the joint venture. The overall contract for the JV is $2.8 billion. We've secured concrete lands in our Dallas and Houston market of around $100 million and won our largest diving services contract in our history, a $20 million project.

Our year-end backlog combined with our recent wins comprises almost $1 billion of work to complete in the next few years. You may recall on our November earnings call, I mentioned that we were bidding on our largest projects ever in both concrete and marine. And with the win on Friday, we won both of those projects. We are very proud of the focus of our teams to secure higher margin wins over the past few months.

Since assuming the role of CEO, I've been able to validate the potential to first stream to Orion. We're a vital provider of services to mission critical infrastructure projects within the marine and building sectors in some of our nation's fastest growing areas. We have long tenured relationships with blue chip clients across the government and private sectors in both our Marine and Concrete segments including the U.S. Navy and Army Corps of Engineers, many of the largest ports in the U. S. and the Caribbean, Metro Petrochem owners and in our concrete division significant general contractors in the Dallas and Houston markets.

The talent pool we have is especially impressive to Scott and me. And the willingness of our people to adapt and learn to achieve greater growth and success both for Orion and professionally is essential to executing our strategy.

Lastly, we have a highly engaged and supported Board of Independent Directors with diverse backgrounds and complementary expertise to guide us.

We are confident that Orion has all the elements for success and the right team to unlock the value of our assets and deliver improved financial performance. That said, we have a big shift to turn around. It won't happen overnight, but we know what needs to be done to maximize the profitability and potential of this business.

As announced in yesterday's press release, we have a three point strategic plan, which we believe will unlock Orion's potential for long term sustainable growth to the benefit of all of our stakeholders. Now, I'll take a few minutes to break it down for you.

The first step of our plan is to improve the profitability of the concrete business. We have appointed new leadership for our Concrete segment chopping one of our senior leadership marine business with many years of experience successfully and profitably delivering complex projects. We are refocusing on our core markets of Dallas and Houston where we have robust markets and track records of success and a runway to improve profitability. And finally, we are investing in additional experienced project managers and giving our project teams the training and tools to drive efficiency and improve business outcomes.

The second point of our plan is to strengthen business development to drive growth. We will build on our successful sales efforts and capitalize on industry dynamics such as the $1.2 trillion infrastructure build, the U.S. Navy investments in the Pacific, port expansions and maintenance resulting in the expansion of the Panama Canal and strong construction demand in both private and public sector of the rapidly growing Texas market.

We are continuing to sharpen our business development focus, putting our efforts into pursuing those opportunities where our capabilities and expertise differentiate us. Our aim is to win quality projects with improved margins.

Our marine business has been very successful working on both public and private projects. By leveraging our experience elsewhere in the business in the public infrastructure construction market, we'll be able to penetrate this more predictably funded sector with our Concrete segment as well. We are building and deepening our client relationships to gain actionable insight into their future pursuits by investing in additional business development resources.

And the third step in our strategic plans, investment and resources to realize Orion's potential. We're strengthening the balance sheet and improving liquidity to fund future growth. We are working to complete the refinancing of our credit facility to extend our debt maturities and provide us with the capital to take advantage of our market opportunities. We're optimizing to improve our return on assets.

With the completion of our Central Texas concrete jobs in 2023, we can dispose of some underutilized equipment and we will continue our efforts to monetize non-core real estate assets this year.

We're investing in our dredging fleet to better service our growth, supporting our commitment to the environment, Orion's fleet upgrade will also include investing in more efficient engines to achieve lower carbon emissions.

We're fostering collaboration between our concrete and marine operations. We have the opportunity to drive synergies, leverage best practices and cross sell work. Finally, we will continue to enhance and build our target zero safety culture practices and systems. While we believe it's premature to provide annual guidance, there's a number of ways to measure our progress, including additional project wins in Dallas and Houston, new project wins with public sector concrete clients in our concrete business.

In marine, we expect to see larger sized projects. This very recent win in Hawaii is a good example. And in both segments, we'll begin to see incremental margin as we execute our business improvement strategy and deliver our projects successfully. Turning to the market, we've seen a bit of slowing due to the macroeconomic environment. Capital is more expensive, which can lead to project delays and cancellations where we are working for private sector clients. With the passing of the infrastructure bill, agencies have been focusing on securing these funds rather than advancing near term projects in their development pipeline.

While we finished the year with lower backlog, we have started the year with a strong number of wins and expect to see improved performance as the year continues. The funds related to the infrastructure bill will take some time to begin flowing. We may see a few projects funded from the IIJA in 2023 but expect to see higher volumes of projects in 2024 and 2025.

In our Marine segment, we will leverage Orion's highly respected reputation and additional BD resources to identify new opportunities in the public sector at the federal, state and local levels, including port expansion projects, navy facilities, and environmental and coastal resiliency projects.

The infrastructure investment in JOBS Act will provide a multiyear catalyst for public sector projects such as transportation funding, ports, waterways, water infrastructure and bridges among other things. While it will take some time for these projects to start flowing, we expect to see a few in the back half of 2023.

We expect to see a steep ramp up in volume in 2024 and 2025 and the investments we are making to improve fleet efficiencies, our systems and our teams will give us a competitive advantage.

In our Concrete business, we are seeing an increased volume of bid opportunities in our Houston market. Projects continue to come in from a variety of end markets such as tech, e-commerce and large retail distribution. Demographic trends will continue to provide project opportunities in our Texas market, one of the fastest growing states.

We see a long runway ahead in the public sector and we're accelerating our focus and we'll be bidding on projects such as airports, whose outdated aviation infrastructure cannot keep pace with growing demand. We enter 2023 with solid backlog, increased quota work outstanding and a strong bid pipeline and long-term tailwinds driving our markets.

Now I'll turn this call over to Scott to discuss our operational initiatives and financial results. Then I'll return with some close remarks.

Scott Thanisch^  Thank you, Travis, and good morning, everyone.

We believe there is significant opportunity to generate profitable growth and create value for all of our Orion stakeholders. To achieve that, we are focused on optimizing our concrete operations, fixing what's not working and continuously improving the things that are. At the same time, we're employing a business development strategy designed to win good projects at attractive margins.

And finally, we are investing in our people and our assets to be ready for the growth opportunities in front of us. As Travis mentioned, we're implementing a disciplined project bidding and delivery strategy. And we're pursuing opportunities where our capabilities and expertise differentiate us. By focusing on our strengths, we will be better positioned to win quality projects at strong margins.

In the enhancements we are making in our project management practices, will enable us to deliver these projects with improved financial performance consistently. We recognize that good information is critical to making strategic and timely decisions in a dynamic environment like the one we operate in. We're making the necessary investments in systems, tools and training to achieve better business outcomes.

This includes investing in upgraded project management systems that will promote visibility to project level performance and provide consistent and effective controls across our segments and our projects. We're implementing PM training and hiring experienced individuals to run projects more effectively.

And we will leverage our vast operational and financial data repository to identify trends, spot issues and provide business intelligence to our teams at every step in the project lifecycle, from business development to final delivery. As Travis indicated, we're acting swiftly to put the right structure and processes in place. Many of our new initiatives are underway and we are beginning to see positive results.

One of the changes that I'm particularly excited about is the promotion of one of our senior leaders from the Marine business to head up our Concrete business and lead that team forward. He has been instrumental in instilling discipline and operational rigor in the Marine business and both Travis and I are confident that he will do the same for Concrete.

Moving on to our financial results, fourth quarter revenue increased 21% to $196.2 million primarily driven by the progression of large jobs awarded last year in the Marine segment and higher volume on light commercial jobs in the Concrete segment.

Fourth quarter gross profit increased $10.2 million or 5.2% of revenue compared to $6.6 million or 4.1% in the prior year period. This 110 basis point improvement was due to lower indirect expenses related to better equipment and labor utilization, partially offset by higher project cost in the Marine segment.

Turning to our segments, our Marine segment had a solid fourth quarter with revenues increasing 32% to $96.3 million. Adjusted EBITDA was $4.9 million or 5.1% adjusted EBITDA margin. This compares with $73.1 million of revenue, adjusted EBITDA of $5.2 million and an adjusted EBITDA margin of 7.1% in the fourth quarter of 2021. This decrease in adjusted EBITDA was related to higher project costs on a marine construction project.

In the fourth quarter, we made progress improving the financial performance in our Concrete segment. Revenues for Concrete increased 21% to $99.9 million. Adjusted EBITDA was negative $1.8 million or negative 1.8% of revenues compared to negative $4.3 million or negative 4.9% of revenue last year.

SG&A expenses for the fourth quarter were $13.7 million or 7% of revenues compared to $16.1 million or 9.9% of revenues in the prior year period. Reflecting lower ERP implementation costs and lower expenses related to the management transition.
Net loss was $4.9 million or a loss of $0.15 per diluted share, an improvement from the net loss of $8.8 million or a loss of $0.29 per diluted share in Q4 last year. This included $1.2 million of non-recurring items, primarily related to an adjustment for the valuation allowance on taxes.

Adjusted net loss was $3.7 million or $0.12 loss per diluted share. Fourth quarter adjusted EBITDA increased to $3.2 million compared to an adjusted EBITDA of $800,000 in the prior year period.

Turning to bidding metrics, in the fourth quarter, we bid on approximately $840 million worth of opportunities and $196 million. This resulted in a win rate of 11.5% and a book-to-bill ratio of 0.49 times for the quarter.

As of December 31, 2022, our backlog was $448.8 million down from $590 million at year end 20 21. Breaking out our year-end backlog, $216.7 million was in our Marine segment and $232.1 million was in our Concrete segment. Approximately $396 million of the year-end backlog will burn during 2023 with the remainder associated with longer term projects which extend into 2024.

Additionally, we are pleased to have been awarded over $582 million of new work subsequent to the end of the fourth quarter. Of this, approximately $482 million is related to the Marine segment while $100 million is related to the Concrete segment.

Moving on to the balance sheet, we are taking several key steps to strengthen our balance sheet for future growth. We are in productive discussions to secure a new credit facility, the proceeds of which will be used for general corporate purposes, and to retire our existing credit facility, which matures on July 31, 2023. These discussions are progressing and we are very confident in our ability to successfully complete a new financing arrangement.

However, in the event that we are unable to agree upon the terms of a new credit facility by the March 16, 2023, filing deadline for our 2022 annual report on Form 10-K. That annual report will include a going concern comment. We have already obtained a consent from our existing lenders for the delivery of this report and we remain in compliance with the financial covenants of our credit agreement.

We've been pleased both with the support we have received from our existing lenders for our refinancing process and with the level of interest we have seen from debt capital providers. As you know, we are in discussions to sell or complete sale leaseback transactions on some of our non-core real estate assets. The signed agreement for the sale leaseback of our Port Lavaca South yard did not close as the buyer's financing sell through.

While the buyer remains interested and is working to put together an all cash transaction, we are concurrently in discussions with additional interested parties. Discussions for the sale of our East and West Jones property are progressing well and we are encouraged by the interest we are seeing from the market.

As Travis mentioned, monetizing our non-core real estate assets is an important element of our strategic plan. Our view is that real estate is nice to own, but even better to sell when we can reallocate those proceeds into operational assets that will generate cash returns.

As of December 31, 2022 we had approximately $3.8 million of cash and $6 million of availability under our revolving credit facility. We ended the year with $35.7 million of outstanding debt, $35 million of which is related to our revolver. As we free up capital with the sale of assets and see increased returns with strict margin controls over our bidding process, we are confident that we will increase our cash flow and realize improved returns on capital from investments in our business lines.

With that, I'll turn the call back to Travis.

Travis Boone^  Thanks, Scott.

You can probably tell that we are excited about what is going on in our business. We are building strong momentum. Many of our strategic initiatives are well underway and real progress is happening every day. Our people share my enthusiasm and they are embracing change. There is a whole new excitement in the business. Our leadership team and our Board are fully committed to generating greater levels of profitability and value creation for all of our stakeholders. I want to thank our shareholders for your support and our many dedicated employees for their efforts as we work together to execute our operational transformation.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Julio Romero from Sidoti & Company. Please proceed.

Julio Romero^ Hi, good morning. Thanks so much for taking the questions. I guess to start on the three point strategic plan, very encouraging to hear. Can you maybe elaborate on any hard timeline or quantifiable targets for the strategic plan either from a margin or dollar perspective? And then secondly, how do you guys think about measuring progress for investors relating to that plan?

Travis Boone^ As far as timeline where this is going to be an ongoing process, I'd say -- as we said a few minutes ago, there's a lot of work to do. It's going to take some time to get the ship turned around, so to speak. So we're not being too specific on how long it's going to take us or -- but for sure in the next we're working on it right now and we're going to continue working on it. It will be a continual process, let's say, for several months here as we make these changes in how we do things and work toward the goals that we've set.

Scott Thanisch^ And I guess I'll add to that. Yes, for metrics in terms of how to track progress, I would say that we're really trying to improve all of the metrics associated with our business. So this quarter, we've had some great wins that will display an increasing backlog, which is certainly a good sign of things to come. You should see increases in our gross margins as we execute our plans to improve the concrete business. And as the higher margin business that we've won recently begins to be worked through our results. And then we will see increasing cash flow as we work to execute our jobs with precision and without taking on additional cost that were not included in our original plans and we'll see our cash improve also from the benefit of some cost optimization as we grow our business and really improve the efficiency and scale of our operation.

Julio Romero^ Got it.

Operator^ Our next question comes from the line of Joe Gomes from Noble Capital. Please proceed.

Joe Gomes^ Good morning. Thanks for taking my question. I wanted to talk a little bit more, maybe we could drill down some into the new contract over at Pearl Harbor.

Maybe you could kind of give us what is the scope of work there for you guys? Is the backlog of Orion's total portion of the $2.8 billion award or could there be more there? Is it front or back end loaded? And is there potential for additional wins under this IDIQ?

Scott Thanisch^ Yes. So we're -- first of all, our piece of it is roughly $450 million and the scope that we are doing as part of the JV is very specific. We're working kind of early on a large amount of temporary works to set the project up to be completed. It's, I'm generally speaking, the portion that we're doing is pile driving, something that we do day-in and day-out, every day. It's pretty normal work for us and we're really good at it. So it's a lot of pile driving that we're doing on the project.

And as far as the expectation of other work in this contract, absolutely yes. There'll be other task orders that come along that if it makes sense to pursue, we will. And we'll definitely be looking for opportunities under this contract over the coming years.

Joe Gomes^ Okay. Sorry.

Travis Boone^ Sorry, Joe, just going to add on that. Another thing is that the Navy plans to make a lot of investment, especially in the Pacific theater. And this is one project that's starting off some of those investments, executing this project well sets us up well to compete for other business in that overall program of the Navy. So that's another aspect of this that we're excited about.

Joe Gomes^ Great. And then one more, if I may -- you mentioned that you completed all the contracts in Central Texas in the fourth quarter?

Travis Boone^ No. We haven't completed them yet. No, yes, those contracts do kind of continue most are being worked in the first quarter of this year, but there's some that continue to about midyear. So over the course of the first couple of quarters, we'll be finishing those out and then those that Central Texas results will be completely behind us at that point.

Joe Gomes^ Okay, great thanks.

Travis Boone^ Thanks, Joe.

Operator^ Our next question comes from the line of Alex Rygiel from B. Riley Securities. Please proceed.

Travis Boone^ Hi, Alex.

Operator^ Your line is open, sir. Mr. Alex Rygiel?

Alex Rygiel^ Sorry about that guys.

Travis Boone^ Hi, Alex.

Alex Rygiel^ Good morning. As it relates to the higher cost on a marine construction project, is that project finished? And can you be more precise on what the higher costs were due to?

Scott Thanisch^ Yes, so that project is not quite finished, but it's a very near completion in terms of what drove the higher costs. Our expectations on the site conditions there were a little bit different. And so that's an aspect that really drove cost. But also some of the project controls that we'll be investing in are designed to catch and track cost to make sure that we're on top of what we know.

And on that particular project, we don't have those systems yet and there were some bills that we had that kind of lagged our overall pace of work there. So we had some of those kind of concentrated the end there that really pulled down the margins on that job.

Alex Rygiel^ Very helpful. And then kind of to follow-up on that last comment or question related to the Navy dry dock. Understand this is sort of a new market for you. Can you talk about establishing a workforce over there and how you're going about doing that? And what kind of contract risks are there in this?

Travis Boone^ So couple of things when Orion first started back in 1994 as Orion a lot of multiple of our first contracts that we completed, were actually in Hawaii. So it's not necessarily a new market for us, but it's new in recent years. Let's say, so we have - worked in Hawaii before now. As far as established kind of let's say reestablishing our presence there. We have a team going over to Hawaii this week and their sole focus is preparing this job.

We're using a lot of our current resources that we have already in the company, but we're over there right now looking for additional resources to kind of bolster the team at the local level because work in Hawaii is different than working in Washington or somewhere else. So we know we need to be there locally. We're also going to be relying on our partners, Hawaiian dredging as part of our team.

They're a local company. So, we'll be working with them pretty extensively as we're kicking off the project and that sort of thing. So it's kind of an all hands on deck at this point. There's a lot of work to do to get the project kicked off and working successfully.

Alex Rygiel^ And then just to follow-up on that. Can you help us to understand sort of the credence of revenue recognition from that project?

Scott Thanisch^ Yes, so as Travis kind of mentioned, we're all hands on deck right now, getting ready for mobilization and thinking about procurement and people and resources. And I guess percentage of completion accounting on the project and looking at that a little further down the list.

But certainly as soon as we develop a better idea of the start dates and how we're collaborating with our joint venture partners on the timing. We'll have a better view of that, but it's just a little early right now to know exactly how much of that contract will flow in 2023.

Alex Rygiel^  Very helpful, thank you good luck.

Scott Thanisch^  Thanks, Alex.

Operator^  Our next question comes from the line of Dave Storms from Stonegate Capital Markets. Please proceed.

Dave Storms^  Good morning, gentlemen, and thank you for taking my call. Just hoping we could start with how you're bringing some marine leadership over to concrete. And if you could talk a little bit more about any other synergies you see between the two segments that you might be able to take advantage of going forward?

Travis Boone^  Sure, yes. So - you heard us mention we recently moved over our kind of our number two person on the marine side of the business over to lead the concrete business. And that that happened actually fairly naturally. It was - he was already kind of leaning in and working with the concrete team and it was going very well.

And so and we've decided we're going to leverage his kind of expertise in establishing rigor and discipline on the marine side of things that he's done over the last few years into the concrete side of the business and he had great report with the team. And so, we moved him over and he's done a - he's off to a great start, has done a great job of working with the team on the concrete side of the business.

And bringing some of the, as I said, the rigor and discipline that he had hoped to establish on the marine side of the business into the concrete side of the business. So, I think we're going to see great results there. Some of the issues, we had in concrete its tweaks here and there with how we were delivering projects. How we were doing some things. And I think, we're well on our way to seeing results from him being in concrete.

Scott Thanisch^  Yes and I'll add just in terms of other synergies, we see as opportunities in that, business probably one of the most exciting ones is revenue synergies, because those businesses have historically not really pursued joint projects or been working together a lot. And certainly the marine business does have projects where a lot of concrete is laid. And so, more opportunity to grow our concrete business with those joint explorations and pursuits.

And on the cost side, there's a lot of opportunity for us to do things more efficiently in our corporate offices as we start to standardize and use the same systems and processes between the two segments. There's opportunities to leverage a better mix of our equipment as we - with our equipment team manage two businesses instead of just the marine business, which is where most of their attention is focused today.

And we see plenty of opportunity for us to identify additional cost savings within our concrete and our marine business by joining up our procurement function and really driving material and input savings through better procurement practices. So I think it's a pretty large set of opportunities and we'll be going after all of them.

Dave Storms^  That's very helpful. One follow-up, if I could just with those cost savings, is there a role where that helps drive your bids to be more competitive and secure more wins or is that kind of - by translating more to just strictly margin enhancement?

Scott Thanisch^  I think it will be able to contribute to both. We're out there really pricing our bids based on market dynamics, and the services that we're offering. It's not just a cost plus view. So when we achieve cost savings in our delivery cost, then there's a margin benefit that we can realize from that.

But it does also give us the flexibility to at the same margin, give a lower price to the customer and there are certainly ways which we can leverage that ability in the marketplace in certain situations. So, I think you'll see some of both, and there's an opportunity for us to really push forward with those cost savings really quickly. We've got ideas and plans to execute.

Dave Storms^  That's very helpful. Thank you.

Operator^  (Operator Instructions) We do have a final question from [John McDermott] from ASI. Please proceed.

Unidentified Participant^  Yes, gentlemen. Thanks for the call. Generally, could you give me some feedback on the core of engineers? Letting our bids presently under our administration with the push for ESG, the environmental social push, has it affected dredging bids because of the macro events of large dredging jobs and they're looking at backwater wash and how that's affecting going out of the way it was done before? How do you see the whole ESG and what is the corporate philosophy getting involved in the push from the top of our government on that place.

Travis Boone^  Sure. Thanks, John. That's a great question. I think the first part of your question was kind of on the timing of the core getting out dredging contracts. It's no secret. There's been a bit of a lag in getting some of the contracts out here in the last few months. I think that's been well documented by some of our competition and as well as other sources. So things have been a little slow on the contract side of things with the core of engineers as I think everyone knows.

We have been working with the core. There's contracts come and we think there's -- we should see some more regularity in the contract starting to hit here in the near future in the next few months. We did just win a dredging contract a couple of weeks ago, so we're excited about that. And looking forward to seeing more of those contracts hopefully get a little more regular here going forward.

And then as far as the ESG side of things, I think one of the things that on the way it's affecting dredging is kind of the way it's a couple of things. One, the core would like to see more beneficial use of the dredge spoils and instead of just dumping it, finding ways to use more of it. And we're working with them on helping try to find more beneficial use of those dredged spoils. So I think that's whether it's using it for beach replenishment or for marsh creation or other kind of ways of using the dredge spoils instead of just, like I said, just dumping it.

So that's one way it's affecting dredging and then the other way is on our equipment. As we mentioned earlier, that's something we got to be making sure that we're trying to keep up with the carbon production of our engines and making sure that we have more -- keep our engines up-to-date and as efficient as we can. So that's really the two ways we're seeing it affecting the dredging business as of now.

There's lots of parts and pieces of the beneficial use side of it. But it's -- I would say it's not a -- the focus on ESG is not a hindrance to proceeding with dredging projects or hindrance to this business in any way.

Unidentified Participant^  Yes. Thank you.

Scott Thanisch^  I think if anything, it's an environment where we can build a Orion story that that resonates with people that are interested in investing in ESG friendly investments because of all the work that we do to maintenance on our beaches, be able to point to the things that we're doing as some of those coastal restoration projects come down. So we think that down the road it can be a good story for us as we start to do more of that work.

Unidentified Participant^  And the last hurricane then in Florida, do you anticipate that opening up a lot more, it's been a slow process because of what you described?

Travis Boone^  As far as the -- as far as recovery work or?

Unidentified Participant^  Recovery work from it - yes, the storm that went through Florida one of the worst in the long term.

Travis Boone^  Definitely. We're anticipating seeing some opportunities later this year as the recovery money starts flowing and work starts happening there. There was the immediate response with -- the emergency response and now it's working into more of the recovery state. And as that goes on, we'll see some opportunities to pursue down there.

Unidentified Participant^  The margins look like they could be healthy in the future in the dredging area?

Travis Boone^  We believe so.

Scott Thanisch^  Yes. I think that we've seen that slowdown that we've talked about in some of the dredging opportunities coming out of the Army Corps, but as that starts to break loose and we get back to work and our competitors are getting back to work on a lot of those delayed maintenance projects, we expect to be able to realize those consistent margins as our past experience.

Operator^  I would now like to turn the call over to Travis Boone for closing remarks.

Travis Boone^  Thank you all for joining. We appreciate everyone being here. Just kind of in closing, I'll say we're excited about the momentum we're building on the winning side of the business. We're excited about getting our banking arrangements sorted out here in the near future. And we've got a -- and we're well on our path here to get our projects -- to be delivering our projects as we expect.

So we're excited. We have the great momentum and we're looking forward to working through 2023 and having a successful year. So everyone have a great day and appreciate your time.

Operator^  Thank you. Ladies and gentlemen, this does conclude today's call. Thank you for your participation. You may now disconnect.