



# Sidoti Virtual Conference

January 13, 2021



# Safe Harbor Statement

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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.oriongroup Holdings Inc.com](http://www.oriongroup Holdings Inc.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:** ~2,300

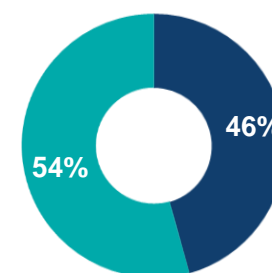
**Market Cap:** \$82 million\*

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

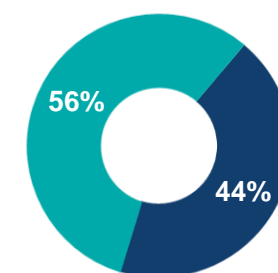
Book value per share \$5.12

■ Marine

■ Concrete



Q3'20 LTM Revenue



Q3'20 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 (41% of Revenue in LTM Q3'20)
- Private commercial and industrial clients (59% of Revenue in LTM Q3'20)



## Competition

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



## Financials (LTM)

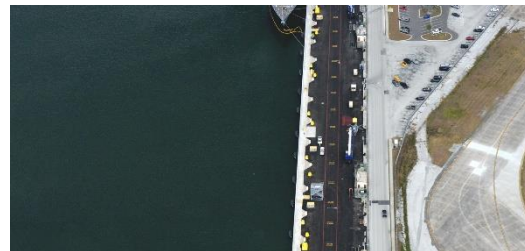
- **\$739.6 MM** Revenue
- **\$53.4 MM** Adj. EBITDA
- **\$428.8 MM** Backlog (9/30/20)

\*as of 9/30/2020

# Investment Highlights

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- Diverse end markets with favorable macro trends
- Unique turnkey project capabilities
- Specialized fleet of equipment creates barriers to entry and a competitive advantage
- Results reflect impact of operational transformation improvements in labor efficiency and equipment utilization

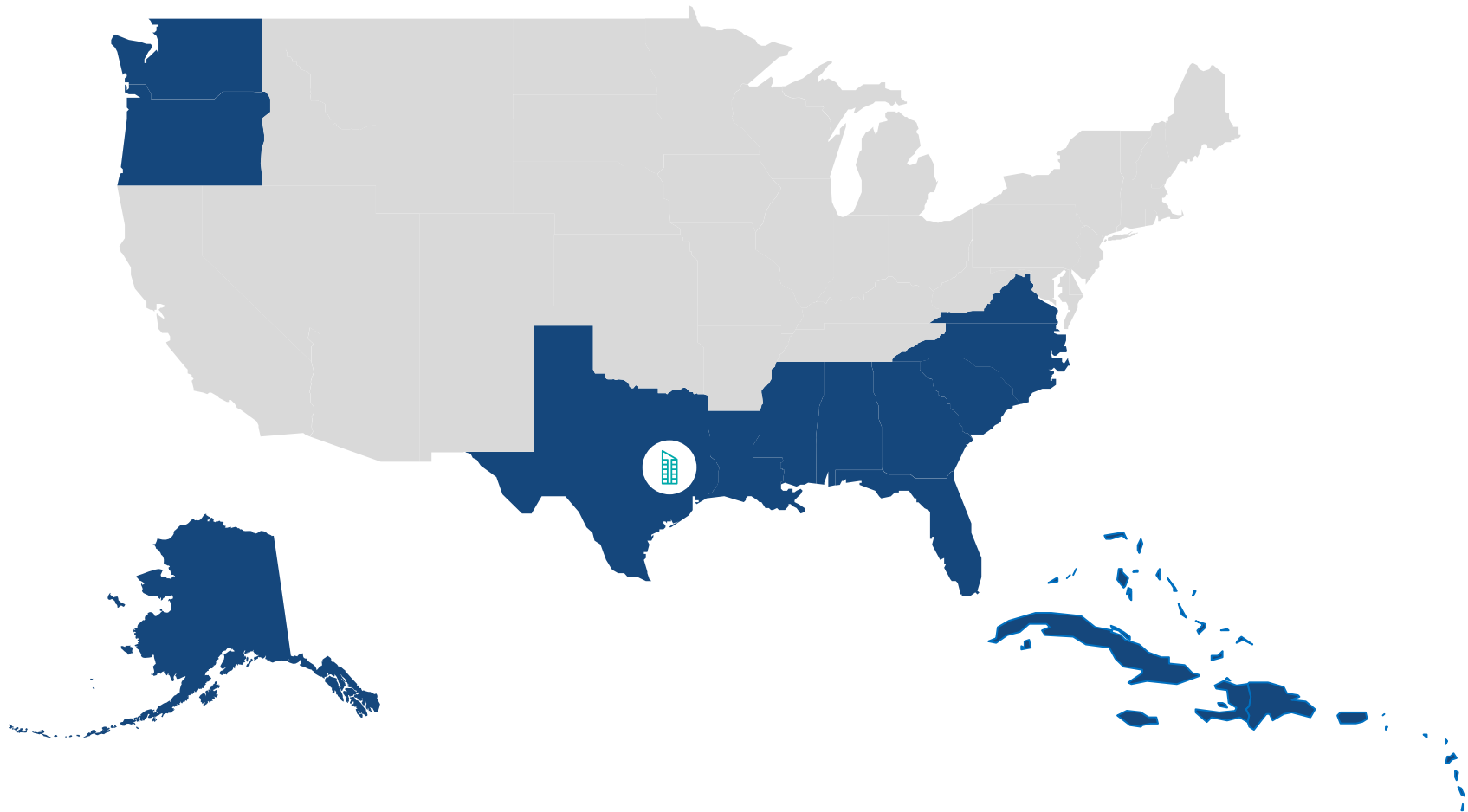


# Attractive Geographic Footprint

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= Headquarters



# Favorable Macro Drivers Across Business Segments



## Marine

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



## Concrete

- Distribution center development
- 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

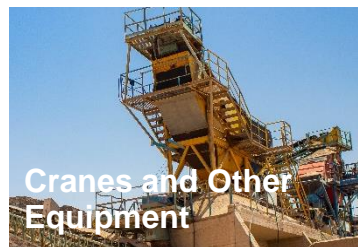
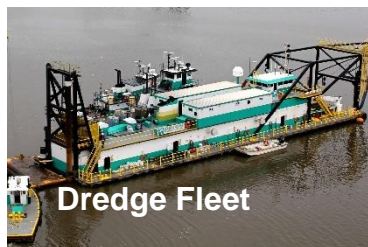
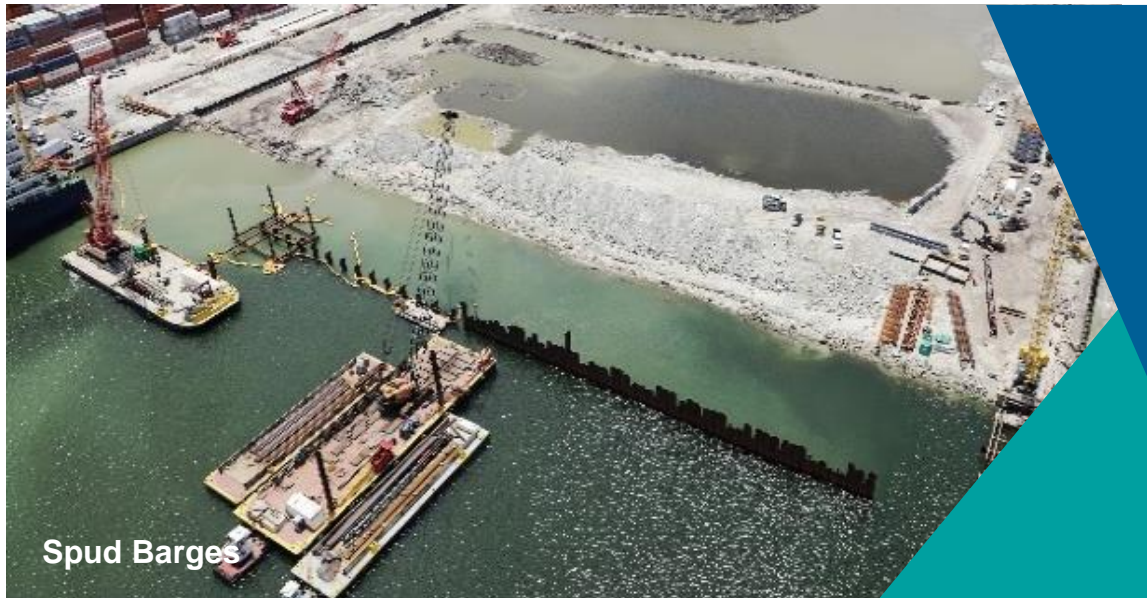
- Encapsulation
- Repair
- Salvage



# Fleet of Specialized Marine Equipment

## Over 300 Vessels & Pieces of Equipment

- 46 spud and material barges
- 21 tug and push boats
- 41 crawler and hydraulic cranes
- 6 cutter suction dredges
- ~800 pieces of other equipment



**\$2.45**

Book Value per Share

Estimated Replacement  
Value of Over

**\$200 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

## Provides Services Across Three Avenues:

- **Light Commercial** – Horizontally poured concrete, tilt-walls, trenches, rebar installation, and pumping services
- **Structural** – Elevated concrete structures, with columns, elevated beams, walls, and slabs
- **Industrial** – Warehouses, distribution, manufacturing facilities, water treatment plants



113

Avg. Projects/Yr.

4,000+

Completed Projects

12 Yr.

Avg. Customer Tenure

90%

Repeat Business

# High Quality Customer Base

## Marine Segment

## Concrete Segment

### Federal Government Customers



### State Government Customers



### Local Government Customers

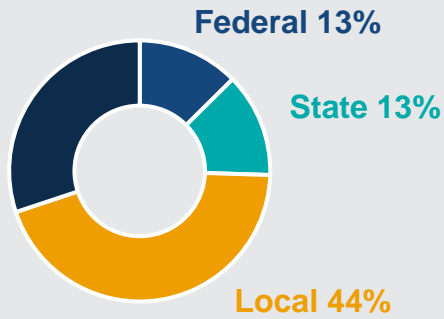


### Private Customers



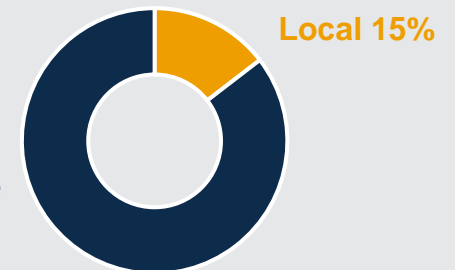
2019 Revenue by Customer

Private 30%



2019 Revenue by Customer

Private 85%

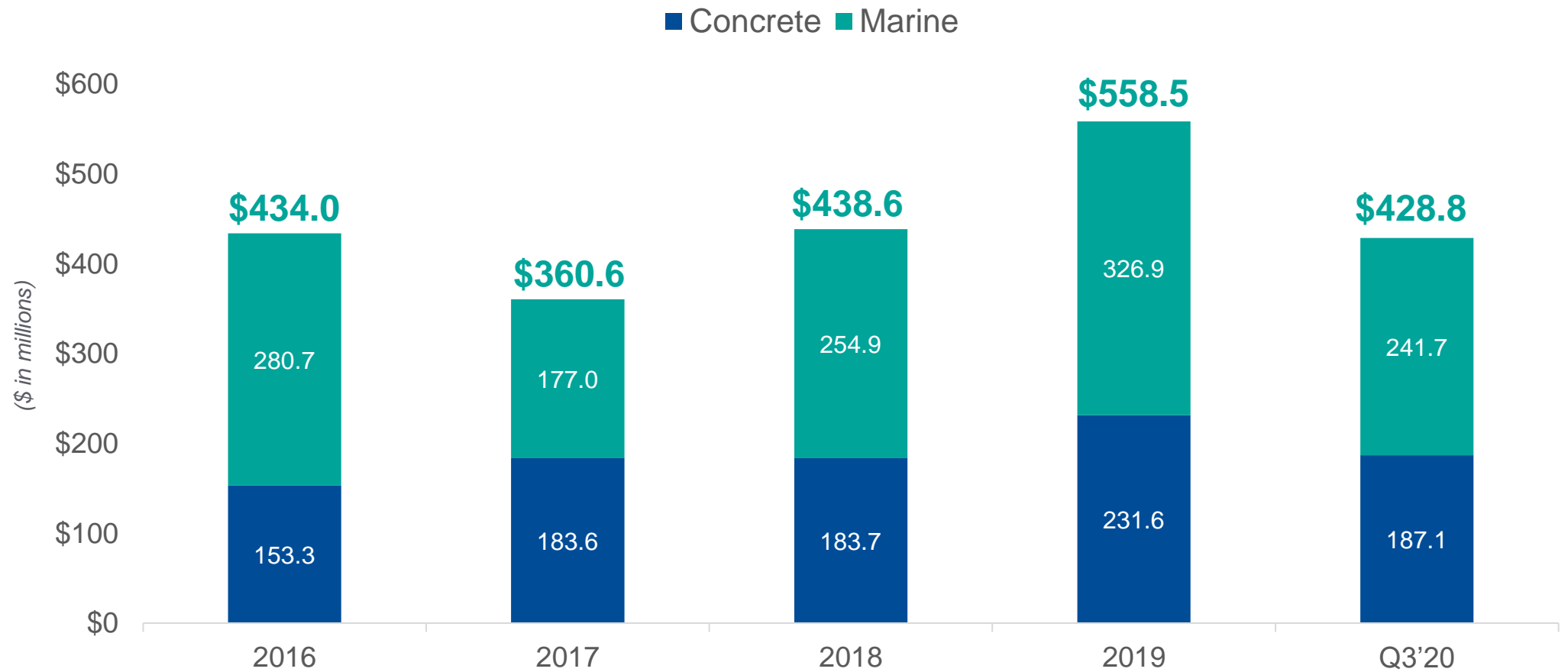


# Recent Projects Won

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| Project                                   | Segment  | Location  | Value        | Start Date |
|---|----------|-----------|--------------|------------|
| Port of New Orleans                       | Marine   | Louisiana | \$47 million | Q1'20      |
| Construction of Multi-use Tower Structure | Concrete | Texas     | \$30 million | Q2'20      |
| Galveston Harbor Channel Dredging         | Marine   | Texas     | \$16 million | Q1'21      |
| Port Mansfield Dredging                   | Marine   | Texas     | \$15 million | Q3'20      |
| Corpus Christi Ship Channel               | Marine   | Texas     | \$17 million | Q2'20      |

# Backlog 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.



# Recent Annual Results

| (\$ in thousands except EPS data) | 2017      | 2018         | 2019      | YTD 2020  |
|-----------------------------------|-----------|--------------|-----------|-----------|
| Contract Revenues                 | \$578,553 | \$520,894    | \$708,390 | \$539,766 |
| Operating Income                  | \$1,538*  | (\$39,811)** | \$2,193   | \$21,534  |
| Adjusted EBITDA                   | \$33,373  | \$26,276     | \$39,550  | \$41,862  |
| Adjusted EPS                      | (\$0.14)  | (\$0.37)     | \$0.00    | \$0.36    |
| Operating Cash Flows              | \$34,133  | \$21,931     | (\$716)   | \$38,376  |



# Recent Quarterly Results

| (\$ in thousands)          | Q3 2020   | Q3 2019   | Variance |
|----------------------------|-----------|-----------|----------|
| Contract Revenues          | \$189,433 | \$199,507 | (5%)     |
| Operating Income           | \$13,085  | \$6,092   | 53%      |
| Adjusted EBITDA            | \$17,001  | \$14,854  | 13%      |
| Adjusted EBITDA Margin (%) | 9.0%      | 7.4%      | 140 bps  |

## Contract Revenues were down due to:

- Decrease in concrete segment production volume due to Texas tropical weather.

## Operating income increased due to:

- Margin expansion in both segments and better labor utilization in the marine segment.
- Higher net gains on sale of assets.

# Liquidity to Fund Operations

**As of September 30, 2020**  
(\$ in millions)

|                      |         |
|----------------------|---------|
| Cash and equivalents | \$2.7   |
| Current Assets       | \$206.2 |
| Working Capital      | \$56.8  |
| Total Assets         | \$382.5 |
| Current Liabilities  | \$149.4 |
| Total Debt           | \$40.6  |
| Total Liabilities    | \$227.0 |
| Shareholder's Equity | \$155.5 |



- Conservative Balance Sheet
- Low Leverage; 1x
- Strong Liquidity Position
- Access to Capital Markets
- In excess of \$750 million in bonding Capacity



# Appendix

EBITDA/Adjusted EBITDA reconciliation

# Adj. EBITDA and EBITDA Margin Reconciliation

| (\$ in thousands)                       | 2012       | 2013     | 2014     | 2015      | 2016      | 2017      | 2018       | 2019      | YTD 3Q20  |
|---|------------|----------|----------|-----------|-----------|-----------|------------|-----------|-----------|
| Net income (loss)                       | (\$11,866) | \$331    | \$6,877  | (\$8,060) | (\$3,620) | \$400     | (\$94,422) | (\$5,359) | \$16,554  |
| Income tax                              | (\$4,640)  | (\$937)  | \$3,175  | (\$2,519) | \$1,581   | (\$4,541) | (\$12,233) | \$1,868   | \$1,660   |
| Interest expense, net                   | \$708      | \$512    | \$677    | \$3,116   | \$6,172   | \$5,720   | \$7,807    | \$6,455   | \$3,571   |
| Depreciation and amortization           | \$21,570   | \$21,538 | \$23,451 | \$28,083  | \$34,162  | \$29,491  | \$31,799   | \$28,407  | \$20,662  |
| EBITDA <sup>(1)</sup>                   | \$5,772    | \$21,444 | \$34,180 | \$20,620  | \$38,295  | \$31,070  | (\$67,049) | \$31,371  | \$42,447  |
| Changes in Cost Estimate                | --         | --       | --       | --        | --        | --        | \$22,770   | --        | --        |
| Reserve on disputed AR                  | --         | --       | --       | --        | --        | --        | \$4,280    | --        | (\$898)   |
| 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   | \$1,887   |
| ERP Implementation                      |            |          |          |           |           |           |            |           | \$796     |
| ISG Initiative                          | --         | --       | --       | --        | --        | --        | --         | \$4,781   | \$369     |
| Severance                               | --         | --       | --       | --        | --        | --        | --         | \$645     | \$120     |
| Insurance recovery on disposal          | --         | --       | --       | --        | --        | --        | --         | --        | (\$2,859) |
| Adjusted EBITDA                         | \$8,887    | \$23,585 | \$35,774 | \$22,897  | \$40,575  | \$33,373  | \$26,276   | \$39,550  | \$41,862  |
| Profit margin <sup>(2)</sup>            | -4.06%     | 0.09%    | 1.78%    | -1.73%    | -0.63%    | 0.07%     | -1.81%     | -0.08%    | 3.07%     |
| Impact of income taxes                  | -1.59%     | -0.26%   | 0.82%    | -0.54%    | 0.27%     | -0.78%    | -2.34%     | 0.26%     | 0.31%     |
| Impact of interest expense, net         | 0.24%      | 0.14%    | 0.18%    | 0.67%     | 1.07%     | 1.00%     | 1.50%      | 0.91%     | 0.66%     |
| Impact of depreciation and amortization | 7.39%      | 6.07%    | 6.08%    | 6.02%     | 5.91%     | 5.10%     | 6.10%      | 4.01%     | 3.83%     |
| EBITDA margin <sup>(1)</sup>            | 1.98%      | 6.05%    | 8.86%    | 4.42%     | 6.62%     | 5.40%     | -12.87     | 4.43%     | 7.86%     |

(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