

Fiscal Year 2019 Q3 Investor Review



Marshall A. Heinberg
Executive Chairman



Todd M. Musterait
President, US Operations



Peter F. Sorci
Acting Chief Financial Officer



June 18, 2019

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Variations of such words as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "may," and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason. Further, information on risks and uncertainties is available in our filings with the Securities and Exchange Commission, which are incorporated by reference.

Third Quarter Overview



Marshall A. Heinberg
Executive Chairman

Nasdaq Compliance

- Filing delinquencies have been remedied
- In compliance with all listing standards
- Delisting issues resolved

Nonrecurring costs in Q3

- Employee severance and termination expenses related to Staff Reduction Programs largely completed in Q3
- Audit and legal expenses associated with the deconsolidation and restatement of results from our Chilean subsidiary

Growth Initiatives

- Actions undertaken to stimulate growth are not yet apparent

Strategic Initiatives



Todd M. Musterait
President, US Operations

Business Line Structure

- Aligned with core lines of business, practice areas, emerging markets
- Integrated sales and delivery model
- Business Line Strategic Plans

Sales and Marketing Leadership

- Enterprise Programs and Energy Business Line Sales Directors
- Full marketing team

Cost Reduction Program

- Voluntary Retirement Program, Reduction in Force, Expense reduction initiatives
- Annual pre-tax cost savings of approximately \$6 million

US Operations Organization

- Clarity around key roles, KPIs
- Improved business performance, professional growth opportunities

Financial Results – Quarter Ended April 27, 2019



Peter F. Sorci

Acting Chief Financial Officer

	U.S. Operations		South American Operations		Consolidated	
	Third Quarter Ended April 27, 2019	Third Quarter Ended April 28, 2018 (Restated)	Third Quarter Ended April 27, 2019	Third Quarter Ended April 28, 2018 (Restated)	Third Quarter Ended April 27, 2019	Third Quarter Ended April 28, 2018 (Restated)

(\$ in thousands, except per share data)

Gross revenue	\$ 16,934	\$ 16,566	\$ 4,841	\$ 4,111	\$ 21,775	\$ 20,677
Gross revenue less subcontract costs	\$ 14,839	\$ 14,725	\$ 3,944	\$ 3,312	\$ 18,783	\$ 18,037
Gross margin	\$ 8,066	\$ 8,287	\$ 1,907	\$ 1,840	\$ 9,973	\$ 10,127
Net income (loss) attributable to E&E	\$ (1,136)	\$ (186)	\$ 106	\$ 255	\$ (1,030)	\$ 69
EPS	\$ (0.26)	\$ (0.04)	\$ 0.02	\$ 0.06	\$ (0.24)	\$ 0.02

Financial Results – Nine Months Ended April 27, 2019

U.S. Operations		South American Operations		Consolidated	
Nine Months Ended April 27, 2019	Nine Months Ended April 28, 2018 (Restated)	Nine Months Ended April 27, 2019	Nine Months Ended April 28, 2018 (Restated)	Nine Months Ended April 27, 2019	Nine Months Ended April 28, 2018 (Restated)

(\$ in thousands, except per share data)

Gross revenue	\$ 51,250	\$ 53,784	\$ 12,530	\$ 14,287	\$ 63,780	\$ 68,071
Gross revenue less subcontract costs	\$ 42,440	\$ 44,491	\$ 10,155	\$ 10,162	\$ 52,595	\$ 54,653
Gross margin	\$ 23,026	\$ 24,641	\$ 4,851	\$ 5,518	\$ 27,877	\$ 30,159
Net income (loss) attributable to E&E	\$ (1,538)	\$ (362)	\$ 79	\$ 500	\$ (1,459)	\$ 138
EPS	\$ (0.36)	\$ (0.08)	\$ 0.02	\$ 0.11	\$ (0.34)	\$ 0.03

Consolidated Cash Flows and Liquidity

	Nine Months Ended April 28, 2018 (Restated)	Nine Months Ended April 27, 2019
Cash provided by (used in) operating activities	\$ 5,426	\$ (2,217)
Cash used in investing and financing activities	<u>(3,476)</u>	<u>(1,643)</u>
Net increase (decrease) in cash balances	<u>\$ 1,950</u>	<u>\$ (3,860)</u>
Cash balances at period end	<u>\$ 15,085</u>	<u>\$ 9,886</u>
Dividends paid during the period	<u>\$ 1,721</u>	<u>\$ 1,726</u>
Consolidated line of credit and debt balances at period end	<u>\$ 108</u>	<u>\$ 682</u>

Contract Backlog

Balance at Period End	
April 28, 2018	April 27, 2019

(\$ in thousands)

Firm backlog:

U.S. operations	\$ 45,981	\$ 35,725 (a)
South American operations	\$ 11,479	\$ 14,204
Consolidated	\$ 57,460	\$ 49,929

Anticipated completion of firm backlog in next 12 months:

U.S. operations	\$ 32,934	\$ 28,209 (a)
South American operations	\$ 9,265	\$ 12,187
Consolidated	\$ 42,199	\$ 40,396

(a) In the Company's Quarterly Report on Form 10-Q filed for the quarterly period ended April 28, 2018, the Company reported firm backlog from U.S. operations of \$63.7 million, of which \$40.3 million was expected to be completed within the subsequent twelve month period.

Q3 Market Overview

- Trend continues in third quarter for an increase in our services to supporting US export of oil and natural gas, and resilient communities planning work.
- Decrease in services provided to pipeline, onshore renewables, armed services, and site assessment and remediation.
- Continued impact from federal government shutdown that occurred in the second quarter of fiscal year 2019.
- Increased opportunities and project delivery in Brazil to commercial clients in transmission, energy, and mining. Continued headwinds in Peru due to lower project volume in commercial clients in the energy sector.

Summary

- Actions undertaken to stimulate growth of our US business are not yet reflected in our results
- Continued cautious optimism regarding economies in Brazil and Chile, with headwinds in Peru
- Sound liquidity position
- 64 consecutive semi-annual dividends since 1987
- Yield of approximately 3.6% for dividend paid in March 2019

Thank You

Questions?