

Investor Review for Fiscal Year End 2018 and Fiscal Year 2019 Q1 and Q2



Marshall A. Heinberg
Executive Chairman



Todd M. Musterait
President, US Operations



Peter F. Sorci
Acting Chief Financial Officer



June 3, 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.

Background and Actions Taken



Marshall A. Heinberg
Executive Chairman

SEC Filing Delay

- Determined need for change in accounting for GAC, resulting in multi-year restatement and delay in SEC filings

Disappointing Financial Results

- Our approach was not working, as shown by our fiscal year 2018 ended July 31, 2018 and six months ended January 26, 2019 results
- Cost structure and utilization issues
- Initiated significant cost reduction program

Executive Leadership Changes

- Executive Chairman role created
- Todd Muserait appointed President, US Operations
- Kurt Zmich named Senior VP, US Operations
- Operations Committee formed

Focus on Operations, Sales Initiative, and Organic Growth

- Operating in a data-driven manner
- Building professional sales staff and marketing platform to drive growth

Strategic Initiatives



Todd M. Musterait
President, US Operations

Restructuring & Alignment




Site
Assessment &
Remediation

Energy

Enterprise
Programs



Uniform
Reporting
Metrics



Cost
Reduction
Initiatives

Driving Growth



Sales and
Marketing
Strategy



Focus on
Organic
Growth and
Talent
Acquisition



Strengthening
Regional
Presence

Financial Results



Peter F. Sorci
Acting Chief Financial Officer

	U.S. Operations		South American Operations		Consolidated	
	FY Ended July 31, 2018	FY Ended July 31, 2017 (Restated)	FY Ended July 31, 2018	FY Ended July 31, 2017 (Restated)	FY Ended July 31, 2018	FY Ended July 31, 2017 (Restated)

(\$ in thousands, except per share data)

Gross revenue	\$ 71,882	\$ 80,659	\$ 18,802	\$ 15,424	\$ 90,684	\$ 96,083
Gross revenue less subcontract costs	\$ 59,895	\$ 68,314	\$ 13,598	\$ 11,794	\$ 73,493	\$ 80,108
Gross margin	\$ 32,923	\$ 38,735	\$ 6,715	\$ 5,194	\$ 39,638	\$ 43,929
Net income (loss)	\$ (651)	\$ 3,688	\$ 343	\$ (865)	\$ (308)	\$ 2,823
EPS	\$ (0.15)	\$ 0.86	\$ 0.08	\$ (0.20)	\$ (0.07)	\$ 0.66

Financial Results

First Six Months of 2019 and 2018

	U.S. Operations		South American Operations		Consolidated	
	6 Months Ended January 26, 2019	6 Months Ended January 27, 2018 (Restated)	6 Months Ended January 26, 2019	6 Months Ended January 27, 2018 (Restated)	6 Months Ended January 26, 2019	6 Months Ended January 27, 2018 (Restated)

(\$ in thousands, except per share data)

Gross revenue	\$ 34,313	\$ 37,219	\$ 7,691	\$ 10,175	\$ 42,004	\$ 47,394
Gross revenue less subcontract costs	\$ 27,599	\$ 29,767	\$ 6,212	\$ 6,849	\$ 33,811	\$ 36,616
Gross margin	\$ 14,958	\$ 16,354	\$ 2,945	\$ 3,678	\$ 17,903	\$ 20,032
Net income (loss)	\$ (402)	\$ (176)	\$ (27)	\$ 245	\$ (429)	\$ 69
EPS	\$ (0.09)	\$ (0.04)	\$ (0.01)	\$ 0.06	\$ (0.10)	\$ 0.02

Consolidated Operating Cash Flows

	FY Ended July 31, 2017 (Restated)	FY Ended July 31, 2018	Six Months Ended January 26, 2019
		(\$ in thousands)	
Cash provided by (used in) operating activities	\$ 4,292	\$ 4,228	\$ (1,455)
Cash used in investing and financing activities	<u>(1,087)</u>	<u>(3,617)</u>	<u>(1,022)</u>
Net increase (decrease) in cash	<u>\$ 3,205</u>	<u>\$ 611</u>	<u>\$ (2,477)</u>
Cash at period end	<u>\$ 13,135</u>	<u>\$ 13,746</u>	<u>\$ 11,269</u>
Dividends paid during the period	<u>\$ 1,720</u>	<u>\$ 1,721</u>	<u>\$ 863</u>
Consolidated line of credit and debt balances	<u>\$ 820</u>	<u>\$ 108</u>	<u>\$ 301</u>

Contract Backlog

Balance at Period End	
July 31, 2018	January 26, 2019

(\$ in thousands)

Firm backlog:

U.S. operations	\$ 49,081	\$ 51,744
South American operations	\$ 9,465	\$ 14,721
Consolidated	<u>\$ 58,546</u>	<u>\$ 66,465</u>

Anticipated completion of firm backlog in next 12 months:

U.S. operations	\$ 42,991	\$ 43,716
South American operations	\$ 8,325	\$ 8,909
Consolidated	<u>\$ 51,316</u>	<u>\$ 52,625</u>

Market Outlook

- Funding of government environmental programs continues to transition from federal to state and local.
- Federal spending for programs being driven towards small business set-asides or bundled into larger 'Mega' contracts. We are pursuing partnerships to increase our participation.
- Federal programs with agencies are developing strategies for private-public partnerships to accelerate cleanup of legacy pollution and to encourage economic development.
- Energy infrastructure development will continue at the state and local scale leading to state driven planning and permitting due to mature national and regional systems. Increased investment in replacement and upgrading these mature systems.
- Expect continued growth in infrastructure to support US export of both oil and natural gas, along with favorable markets and policy towards renewables generation and associated electrical transmission.
- Trend towards larger and more numerous planning projects that include climate adaptation (sea level rise, wildfires, etc.) and ecosystem restoration.
- South American economies generally continue to stabilize and we are seeing increasing opportunities for new business in energy, mining, infrastructure, and telecommunications.

Summary

- Decisive steps taken to stabilize, organize, and grow our US business
- 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?