

Q2 Fiscal Year 2018 Investor Review

Gerard A. Gallagher III
President and CEO

H. John Mye III
Chief Financial Officer



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This presentation contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). 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.

Financial Results

(In thousands, except per share data)

	Quarter Ending Jan 27, 2018		Quarter Ending Jan 28, 2017	
Revenue	\$	25,083	\$	24,726 ⁽²⁾
Revenue less subcontract costs	\$	19,314	\$	19,379 ⁽²⁾
Operating Income (Loss)	\$	(260)	\$	245 ⁽²⁾
Net Income (Loss)	\$	(768) ⁽¹⁾	\$	(318)
EPS	\$	(0.18) ⁽¹⁾	\$	(0.07)

(1) On December 22, 2017, the U.S. government enacted comprehensive tax legislation referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revised U.S. corporate income tax regulations including, among other things, lowering U.S. corporate income tax rates and implementing a territorial tax system. Enactment of the Tax Act resulted in net adjustments that increased our income tax provision by approximately \$ 0.4 million, and effectively reduced earnings by \$0.10 per share during the current quarter.

(2) Favorable resolution of long-standing contract settlement liabilities allowed the Company to record \$ 0.5 million of additional revenue during the second quarter of fiscal year 2017. No similar adjustments were recorded during the current quarter ended January 27, 2018.

Financial Results

(In thousands, except per share data)

	Six Months Ending Jan 27, 2018	Six Months Ending Jan 28, 2017
Revenue	\$ 52,165	\$ 50,041 ⁽²⁾
Revenue less subcontract costs	\$ 40,667	\$ 40,683 ⁽²⁾
Operating Income	\$ 834	\$ 1,658 ⁽²⁾
Net Income (Loss)	\$ (235) ⁽¹⁾	\$ 570
EPS	\$ (0.05) ⁽¹⁾	\$ 0.13

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(2) Favorable resolution of long-standing contract settlement liabilities allowed the Company to record \$1.1 million of additional revenue during the first half of fiscal year 2017. No similar adjustments were recorded during the current quarter ended January 27, 2018.

Financial Results by Region

<i>(In thousands)</i>	<u>U.S.</u>		<u>South America</u>		<u>Total Consolidated</u>	
	Quarter Ending Jan 27, 2018	Quarter Ending Jan 28, 2017	Quarter Ending Jan 27, 2018	Quarter Ending Jan 28, 2017	Quarter Ending Jan 27, 2018	Quarter Ending Jan 28, 2017
Revenue less subcontract costs	\$ 13,634	\$ 15,240 ⁽²⁾	\$ 5,680	\$ 4,139	\$ 19,314	\$ 19,379 ⁽²⁾
Net Income (Loss)	\$ (950) ⁽¹⁾	\$ (5)	\$ 182	\$ (313)	\$ (768) ⁽¹⁾	\$ (318)

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(2) Favorable resolution of long-standing contract settlement liabilities allowed the Company to record \$ 0.5 million of additional revenue during the second quarter of fiscal year 2017. No similar adjustments were recorded during the current quarter ended January 27, 2018.

Financial Results by Region

	<u>U.S.</u>		<u>South America</u>		<u>Total Consolidated</u>	
<i>(In thousands)</i>	Six Months Ending Jan 27, 2018	Six Months Ending Jan 28, 2017	Six Months Ending Jan 27, 2018	Six Months Ending Jan 28, 2017	Six Months Ending Jan 27, 2018	Six Months Ending Jan 28, 2017
Revenue less subcontract costs	\$ 29,767	\$ 32,917 ⁽²⁾	\$ 10,900	\$ 7,766	\$ 40,667	\$ 40,683 ⁽²⁾
Net Income (Loss)	\$ (719) ⁽¹⁾	\$ 1,101	\$ 484	\$ (531)	\$ (235) ⁽¹⁾	\$ 570

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(2) Favorable resolution of long-standing contract settlement liabilities allowed the Company to record \$1.1 million of additional revenue during the first half of fiscal year 2017. No similar adjustments were recorded during the current quarter ended January 27, 2018.

Operating Cash Flows

<i>(In millions)</i>	Six Months Ending Jan 27, 2018	Six Months Ending Jan 28, 2017
Cash provided by operating activities	\$ 6.3	\$ 3.1
Cash used in investing and financing activities *	(1.9)	(1.4)
Net increase in cash	\$ 4.4	\$ 1.7
Cash and cash equivalents at period end	\$ 17.7	\$ 11.9

*Includes approximately \$0.9 million of dividends paid to shareholders during H1 2018 and H1 2017.

Market Outlook

- Funding of government environmental programs shifting from Federal to state and local
 - E&E has offices in states with strong environmental requirements and programs
- Increasing opportunities with DoD for installation facilities planning
- Federal Regulatory rollback in process; uncertainty in planning/permitting of large development projects, effects on our business remain unclear
- Federal and state cleanup of legacy pollution ongoing and funding expected to continue
- Energy infrastructure: Investment in liquefied natural gas (LNG) ports, renewables, and electric transmission continuing, but with funding delays and more spend-gate decisions
- Hurricane recovery phase expected to lead to more resilience planning and restoration opportunities similar to what we saw after Sandy
- Expected increase in civil infrastructure-related opportunities, but uncertainty about timing of major new investments.
- South American economies continue to slowly recover and we are seeing increasing opportunities for new business.

Contract Backlog

<i>(In Millions)</i>	Jan 27, 2018	July 31, 2017	Jan 28, 2017
Total firm backlog of uncompleted contracts	\$ 87.7	\$ 92.4	\$ 84.0
Anticipated completion of firm backlog in next twelve months	\$ 50.7	\$ 53.5	\$ 53.2

Strategic Initiatives

Continuing to work toward our objectives:

- Alignment with marketplace opportunities
 - e.g., energy and civil infrastructure, resiliency/sustainability, water, coastal restoration, and technology applications
- Organic growth and growth by acquisition
- Recruiting new talent
 - Sector and services leadership

Fundamentals

- Strong liquidity position
- Growing cash balance - \$ 17.7 million (at Jan 27, 2018)
- Total lines of credit - \$ 40.1 million (\$37.8 available)
- 61 consecutive dividends since 1987
- Dividend yield approximately 3.5%